



DAVID E. JANSSEN  
Chief Administrative Officer

County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
(213) 974-1101

*HANNAH*

Board of Supervisors

GLORIA MOLINA  
First District

YVONNE BRATHWAITE BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

July 10, 2001

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**TEN YEAR LEASE FOR DEPARTMENT OF HEALTH SERVICES  
3530 WILSHIRE BOULEVARD, LOS ANGELES  
(SECOND) (3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and instruct the Mayor, Los Angeles County, to sign the attached ten year lease with Metroplex, LLC, (Lessor), for 63,466 rentable square feet of office space, with up to 254 parking spaces for the Department of Health Services (DHS) Environmental Health Program (EH) and Immunizations, at an initial annual cost of approximately \$951,990 for office space and up to \$182,880 for parking based on actual use, with DHS costs fully funded by public health license and permit fees and State Department of Health Services contract grant funding.
2. Authorize the Chief Administrative Office (CAO) to lease approximately 46,454 square feet of office space pursuant to an option for expansion space to house the Department of Children and Family Services (DCFS) or other County Department at the same lease rate and square foot tenant improvement allowance provided for DHS in the attached Lease Agreement.
3. Authorize the Lessor and/or Director of the Internal Services Department (ISD) at the direction of the CAO to acquire telephone systems for DHS at a cost not to exceed \$1,268,000 and \$928,000 for DCFS if the option is exercised. At the discretion of the CAO all or part of the telephone, data and low voltage systems

Honorable Board of Supervisors  
July 10, 2001  
Page 2

may be paid in lump sum or financed over a five year term not to exceed \$310,704 per year for DHS and \$227,400 per year for DCFS, if the option is exercised, in addition to other Tenant Improvement (TI) allowances provided under the lease.

4. Consider the Negative Declaration together with the fact that no comments were received during the public review process and find that the project will not have a significant effect on the environment, and find that the Negative Declaration reflects the independent judgement of the County and approve the Negative Declaration; and find that the project will have no adverse effect on wildlife resources and authorize the CAO to complete and file a Certificate of Fee Exemption for the Project.
5. Approve the project and authorize the CAO, DHS and ISD to implement the project. The lease will be effective upon completion and acceptance of the improvements.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The proposed action herein will relocate the Immunizations administrative office from 1055 Wilshire Boulevard, Chronic Disease from 510 South Vermont and consolidate seven DHS/EH programs currently housed in five locations at 5205 Melrose Avenue, Hollywood; 510 South Vermont, 550 South Vermont, 2615 South Grand, Los Angeles and 2525 Corporate Place, Monterey Park. Staff assigned to EH provide administrative and inspection staff support for a variety of EH programs, including administrative support for field staff, the Radiation Management Program, the LA Housing Task Force and the Plan Check Program for retail food facilities. EH is the local regulatory arm for public health issues within DHS and its programs are responsible for the enforcement of public health laws and ordinances pertaining to food, housing, water, solid waste, land use, public swimming areas, vector control, environmental hygiene and radiation. The EH jurisdictional area covers all County unincorporated areas and 85 contract cities.

Honorable Board of Supervisors  
July 10, 2001  
Page 3

Earlier this calendar year, DCFS indicated an urgent need for additional space in various locations in the County, including space near their headquarters in the Wilshire/Vermont area. In order to respond to that need, the CAO has worked proactively to identify various facilities, while DCFS more clearly defines their program needs. This process is not yet complete but program needs are substantial and expected to be at least 46,000 square feet. Since this building has 46,454 rentable square feet available in addition to the space being leased for DHS, the CAO is requesting that the Board approve an option to lease that additional space within 90 days from May 29, 2001, subject to review of the DCFS space program by CAO staff. Approval of the option will expedite the process once the program needs are defined.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs that we invest in public infrastructure, in order to strengthen the County's fiscal capacity. The lease of property supports this strategy by complying with the Strategic Asset Management Principles (Goal 4, Strategy 2, Objective 2).

### **Strategic Asset Management Principles Compliance**

As outlined on Attachment "A", the recommendations herein are in compliance with the Strategic Asset Management Principles approved by your Board on November 17, 1998. This project allows an efficient consolidation of DHS administrative and inspection staff into a central location.

- This lease houses revenue generating and grant funded County programs in leased space.
- DHS will consolidate seven DHS programs from five County leased facilities.
- Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Attachment "B" shows all County owned and leased facilities within the search area for these programs and there are no County owned or

leased facilities available for these programs.

- Based upon said survey, staff has established that the base rental range including parking for similar property is between \$21.60 and \$25.20 per square foot per year full service gross. Thus, the base annual rent of \$17.88 of the proposed lease represents a below market rental rate.

#### **FISCAL IMPACT/FINANCING**

<b>PROPOSED LEASE</b>	<b>3530 WILSHIRE BLVD. Initial Lease</b>	<b>3530 WILSHIRE BLVD. Option Space</b>
Area	63,466 sq. ft.	46,454 sq. ft.
Annual Base Rent	\$951,990 (\$15.00/sq. ft.)	\$696,810 (\$15.00/sq. ft.)
Annual Parking (up to 254 spaces)	\$182,880 (\$60 per space)	\$133,920 (\$60 per space)
Tenant Improvement (TI)		
Included in Base Rent	\$158,665 (\$2.50/sq. ft.)	\$116,135 (\$2.50/sq. ft.)
Maximum Additional TI*	\$3,490,630 (\$55.00/sq. ft.)	\$2,554,970 (\$55.00/sq. ft.)
Maximum Annual Rent	\$1,690,734/\$26.64/sq.ft.	\$1,236,141/\$26.61/sq.ft.
Term of Lease	10 years	Coterminous
Cancellation	Anytime after 5th year upon 180 days prior written notice	Anytime after 5th year upon 180 days prior written notice
Option to renew	One 5-year option	One 5-year option

\* \$ 3,490,630 represents the maximum amount of additional TI dollars available for the 63,466 square feet initially leased. That amount equates to \$553,547 annually or \$8.72 per square foot annually, amortized at 10 percent over the ten year lease term.

- Funding for the proposed lease will be made available through the Rent Expense Budget and will be charged back to DHS. Sufficient funding is available in the DHS Proposed Budget for Fiscal Year 2001-02 to cover the projected lease costs.
- The monthly base rent is subject to an annual adjustment, after the 12<sup>th</sup> month, based on increases to the Consumer Price Index (CPI) with a floor of 2 percent and cap of 5 percent.

Honorable Board of Supervisors  
July 10, 2001  
Page 5

- All DHS/EH expenditures are fully offset by revenue generated from public health license and permit fees and grant funding for Immunizations.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The proposed lease provides 63,466 rentable square feet of office space with up to 254 parking spaces. The lease contains the following provisions:

- The lease provides a cancellation provision allowing termination at or anytime after the end of the 5th year of the lease term by providing the Lessor 180 days prior written notice.
- The County has one five-year option to renew and an option to expand the Premises to include an additional 46,454 rentable square feet and up to 186 parking spaces.
- The base rental rate provides \$158,665 or \$2.50 per square foot in TI allowance for construction of the Premises to partially meet DHS space requirements.
- A reimbursable Additional TI allowance of \$3,173,300, or \$50.00 per square foot is provided for furniture and out of scope TI including but not limited to voice data cabling, card reader entry, security, paging and related components.
- The CAO may, at its discretion, authorize an Additional Discretionary TI allowance up to a maximum of \$ 317,330 or \$ 5.00 per square foot to be used solely for construction, furniture and above-standard improvements. Any portion of this amount utilized for construction or above-standard improvements shall also be reimbursable and paid as a lump sum or amortized over the ten-year term at ten percent per annum.
- All TI allowance expenditures shall be approved in writing by the CAO. All construction shall be in compliance with "Tenant Improvement Paragraph 25" and the "Tenant Improvement Work Letter" attached in substantial form as Exhibit "G" and referenced in Paragraph 25, Section A, of the proposed lease.

Honorable Board of Supervisors  
July 10, 2001  
Page 6

- The County has the right to lease up to 254 parking spaces (4 per 1,000 square feet of leased space), of which 20% can be tandem parking spaces or located in a parking structure approved by LA County Department of Public Works within one block of 3530 Wilshire Boulevard, Los Angeles. The 254 parking spaces will accommodate 80% of the 318 DHS employees assigned to this location, which is the CAO standard. Also, the Wilshire/Normandie subway station is located outside the front door of the premises.
- **No County Project Manager or employee, including the CAO, is authorized to approve any expenditure not expressly pre-approved by the Board of Supervisors. The Board of Supervisors will not approve retroactive expenditures. Any unapproved expenditures by the Lessor, even if it benefits the County, shall not be recovered by Lessor who shall solely bear the risk of loss for incurring such liabilities as stated in Paragraph 30 of the proposed lease.**

The proposed lease was submitted for review to your Board's appointed Real Estate Management Commission on April 25, 2001. After careful review, it was the Commission's decision to approve the proposed lease.

The Department of Public Works has inspected this facility for seismic safety and has no objection to occupancy of the premises by the County.

This high rise building has no remaining available space to house a child care center. The 63,466 square feet of office space for DHS plus the option space for DCFS are the only available large blocks of contiguous space for lease in the building. However, based on the high concentration of County owned and leased facilities in the Vermont/Wilshire corridor, the CAO will study the feasibility of locating a child care center within this core service area.

#### **NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT**

The CAO has made an initial study of environmental factors and has concluded that this project will have no significant impact on the environment and no adverse effect on wildlife resources. Accordingly, a Negative Declaration has been prepared and a notice posted

(hsla3530wilshire.brdltr)

Honorable Board of Supervisors  
July 10, 2001  
Page 7

on the site as required by the California Environmental Quality Act (CEQA) and the California Administrative Code, Section 15072. Copies of the completed Initial Study, the resulting Negative Declaration, and the Notice of Preparation of Negative Declaration as posted are attached.

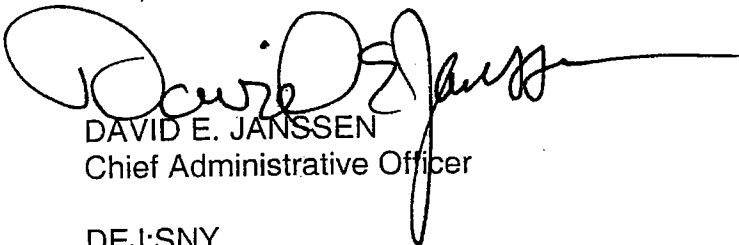
**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

It is the finding of the CAO that the proposed lease is in the best interest of the County and will adequately provide the necessary space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, DHS concurs in this lease recommendation.

**CONCLUSION**

It is requested that the Executive Officer, Board of Supervisors, return three originals of the executed Lease and Agreement, two certified copies of the Minute Order and the adopted, stamped Board letter to the Chief Administrative Office, Real Estate Division at 222 South Hill Street, 4<sup>th</sup> Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:SNY  
CWW:JWP:jf

Attachments (6)  
c: County Counsel  
Auditor-Controller  
Department of Health Services  
Internal Services Department

(hsla3530wilshire.brdltr)

## ATTACHMENT A

### Asset Management Principles Compliance Form<sup>1</sup>

#### 1. Occupancy

- A Does lease consolidate administrative functions?<sup>2</sup>
- B Does lease co-locate with other functions to better serve clients?<sup>2</sup>
- C Does this lease centralize business support functions?<sup>2</sup>
- D Does lease meet the guideline of 200 sf of space per person?<sup>2</sup> 1/186

YES NO NA

X              

X              

X              

X              

#### 2. Capital

- A Should program be in leased space to maximize State/Federal funding?
- B If not, is this a long term County program?
- C Is it a net County cost (NCC) program? List % NCC 10%
- D If yes to 2 B or C; capital lease or operating lease with an option?
- E If no, are there any suitable County owned facilities available?
- F If yes, why is lease being recommended over occupancy in County owned space?
- G Is Building Description Report attached as "Attachment B"?<sup>2</sup>
- H Was build to suit or capital project considered?<sup>1</sup>
- The proposed building is available at a competitive market rate.**

X              

              X

       X       

              X

       X       

X              

       X       

#### 3. Portfolio Management

- A Did department utilize CAO Space Request Evaluation(SRE)?<sup>2</sup>
- B Was the space need justified?
- C If a renewal lease, was co-location with other County departments considered?
- D Why was this program not co-located?
1.        The program clientele requires a "stand alone" facility.
2.        No suitable County occupied properties occupied in project area.
3.        No County owned facilities available for the project
4.        Could not get City clearance or approval
5. X The Program is being co-located
- E Is lease a full service lease?<sup>1</sup>
- F Has growth projection been considered in space request?
- G Has the Dept. of Public Works completed seismic review/approval?

X              

X              

       X       

              X

X              

X              

X              

<sup>1</sup> As approved by the Board of Supervisors 11/17/98

<sup>2</sup> If not, why not?

Please **BOLD** any written responses



## ATTACHMENT "B"

Space Search 2-mile Radius of 3530 Wilshire Blvd.

LACO	FACILITY NAME	ADDRESS	SQUARE FEET		OWNED	SQ. FT.
			GROSS	NET		
0155	County Courthouse	111 N Hill St,	794,459	441,761	Financed	None
0155	County Courthouse	111 N Hill St,	794,459	441,761	Financed	None
0156	Hall of Records	320 W Temple St,	438,095	259,523	Owned	None
0181	Kenneth Hahn Hall	500 W Temple St,	958,090	581,818	Financed	None
0181	Kenneth Hahn Hall	500 W Temple St,	958,090	581,818	Financed	None
0181	Kenneth Hahn Hall	500 W Temple St,	958,090	581,818	Financed	None
3154	Criminal Courts Bldg.	210 W Temple St,	1,036,283	399,535	Financed	None
3155	Performing Arts	301 N Grand Ave,	27,582	17,978	Owned	None
3155	Performing Arts	301 N Grand Ave,	27,582	17,978	Owned	None
5252	DPSS-Metro	5026 Santa Monica	18,645	14,737	Owned	None
5266	Metropolitan Court	1945 S Hill St,	303,434	125,469	Financed	None
5353	DPSS-Metro	2707 S Grand Ave,	115,242	89,650	Owned	None
5456	Health Services	313 N Figueroa St,	221,359	134,851	Owned	None
6518	The Adams & Grand	2615 S Grand Ave,	215,439	183,874	Owned	None
A159	District Attorney-	201 N Figueroa St,	80,089	76,085	Leased	None
A160	Mental Health	3160 W 6th St,	60,800	28,372	Leased	None
A336	District Attorney	3055 Wilshire Blvd,	7,755	7,115	Leased	None
A336	District Attorney	3055 Wilshire Blvd,	17,000	16,150	Leased	None
A360	DPSS-Metro North ap	2601 Wilshire Blvd,	62,000	60,140	Leased	None
A369	DC&FS-	501 Shatto Pl,	7,250	7,250	Leased	None
A388	DHS-Wilshire-Bixel	1055 Wilshire Blvd,	12,303	12,057	Leased	None
A408	DC&FS- Borax Building	3075 Wilshire Blvd,	132,500	105,568	Leased	None
A409	Community & Senior Services	3303 Wilshire Blvd,	4,000	3,900	Leased	None
A413	Human Resources-	3333 Wilshire Blvd,	21,945	19,750	Leased	None
A413	Human Resources-	3333 Wilshire Blvd,	9,034	7,915	Leased	None
A413	Human Resources-	3333 Wilshire Blvd,	31,500	29,925	Leased	None
A424	DPSS-Equitable Plaza	3435 Wilshire Blvd,	65,871	62,577	Leased	None
A425	DC&FS-Departmental	425 Shatto Pl,	66,533	62,663	Leased	None
A429	CA -RED	222 S Hill St	25,137	22,623	Leased	None
A480	Parks & Rec-Cap Projects	680 Wilshire Pl,	6,000	5,400	Leased	None
A600	Central Civil West	600 S Commonwealth	16,454	15,796	Leased	None
A600	Central Civil West	600 S Commonwealth	53,180	46,201	Leased	None
A600	Central Civil West	600 S Commonwealth	7,603	7,223	Leased	None
A600	Central Civil West	600 S Commonwealth	124,914	80,683	Leased	None
B393	Hollywood Court	5925 Hollywood Blvd,	61,571	22,544	Financed	None
B695	DC&FS-Adoptions	695 S Vermont Ave,	71,370	58,635	Leased	None
B922	DPSS-Wilshire	2415 W 6th St,	46,228	42,065	Leased	None
C500	Probation	500 Shatto pl	6,596	5,094	Leased	None
C660	DPSS-Gain Program	2910 Beverly Blvd,	120,327	33,635	Leased	None
C800	DPSS-Human Resources	3000 W 6th St,	37,850	23,286	Leased	None
X317	DCSS-Le Sage Complex	3175 W 6th St,	52,230	42,341	Owned	None
X532	DCSS-Le Sage Complex	532 S Vermont Ave,	14,126	10,314	Owned	None
X550	MH-Le Sage Complex	550 S Vermont Ave,	148,085	132,610	Owned	None
Y193	Parks & Rec HQ	433 S Vermont Ave	31,862	18,221	Owned	None

**FILED**

APR 19 2001

CONNOR B. MCCORMACK, COUNTY CLERK

I. SHIPP

DEPUTY

**COUNTY OF LOS ANGELES  
CHIEF ADMINISTRATIVE OFFICE**

**TEN-YEAR LEASE**

**NEGATIVE DECLARATION**

**I. Location and Description of the Project**

The proposed project is for the County of Los Angeles to lease office space located at 3530 Wilshire Boulevard, Los Angeles, California, 90010, which will be used by the Department of Health Services for administrative office use. The facility, located in the Second Supervisorial District approximately 5 miles west of the Los Angeles Civic Center, includes 74,545 rentable square feet of office space located on three levels of the 18 story building and the use of 242 structured parking spaces.

**II. Finding of No Significant Effect**

Based on the attached initial study, it has been determined that the project will not have a significant effect on the environment.

**III. Mitigation Measures**

Mitigation measures for this project are discussed in Section V of the attached initial study.

THIS NOTICE WAS POSTED  
ON APR 19 2001  
UNTIL MAY 21 2001  
REGISTRAR-RECORDER/COUNTY CLERK

**INITIAL STUDY**  
**Los Angeles**  
**HEALTH SERVICES - ENVIRONMENTAL HEALTH**

**I. Location and Description of Project**

The proposed leased premises at 3530 Wilshire Boulevard, Los Angeles, is located in the Second Supervisorial District approximately 5 miles west of the Los Angeles Civic Center and 1 ½ miles north of the Santa Monica (10)freeway. (See attached map)

The 18 story office building was constructed in 1985 and contains 425,166 square feet and is privately owned. Located at the site are approximately 1,500 parking spaces in an eight story parking structure for use in conjunction with the leased premises.

This project consists of leasing this facility for ten years in which will be located the Department of Health Services- Immunization Program and Environmental Health administrative and inspection programs. It is anticipated that an average of 300 employees will be occupying the premises with the maximum employee occupancy anticipated to be 8:00 a.m. to 5:00 p.m., Monday through Friday. In addition to the employees, it is anticipated that 40-60 members of the public will be visiting the facility on a daily basis. Tenant improvements will be completed to conform the space to Health Service's requirements.

**II. Compatibility with General Plan**

This project site is identified as commercial in the Los Angeles Community Plans.

**III. Environmental Setting**

The project site is located in an area of commercial office and retail facilities. The site includes approximately 66,675 square feet, improved with approximately 425,166 square feet of office and commercial space. The site is bordered by Normandie Avenue/Irolo Street on the east and Wilshire Boulevard on the north.

**IV. Identification of Environmental Effects**

- A. The impact of the proposed project on existing land forms will be negligible as no reshaping of the soil nor excavation nor foundations, utility lines, sewer lines or water lines will be necessary.

- B. The project will not conflict with adopted environmental plans and goals of the City of Los Angeles.
- C. The project will not have a substantial demonstrable negative aesthetic effect on the proposed site. The existing facility will be continued to be maintained as part of the lease arrangement.
- D. No rare or endangered species of animal or plant of the habitat of the species will be affected by the project. Nor will it interfere substantially with the movement of any resident fish or wildlife species or migratory fish or wildlife species.
- E. The project will not breach published national, state or local standards relating to solid waste or litter control.
- F. Development will not substantially degrade water quality, contaminate water supply, substantially degrade or deplete ground water resources, or interfere substantially with ground water recharge.
- G. There are no known archeological sites existing at the project site.
- H. The proposed project will not induce substantial growth or concentration of population.
- I. The project will not cause a substantial increase to existing traffic. Nor will it affect the carrying capacity of the present street system. This is a continued use of an office/commercial facility for office purposes. The County's use is a substitution of previous uses made by private tenants.
- J. The project will not displace any persons from the site.
- K. The project will not substantially increase the ambient noise levels to adjoining areas. Noise generated by the proposed County use does not exceed that previously experienced in the area when occupied by private tenants.
- L. The proposed developed project will not cause flooding, erosion or siltation.
- M. The project will not expose people or structures to major geologic hazards.
- N. The project will not expand a sewer-trunk line. All

necessary utilities are available currently to the facility.

- O. No increased energy consumption is anticipated by the County's use of the premises.
- P. The project will not disrupt or divide the physical arrangement of established community; nor will it conflict with established recreational, educational, religious or scientific uses of the area.
- Q. No public health or safety hazard or potential public health or safety hazard will be created by this project.
- R. The project will not violate any ambient air quality standard, contribute substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial pollutant concentrations.

V. Discussions of Ways to Mitigate Significant Effects

The proposed project is not expected to create any significant effects on the environment. To mitigate any effects upon the surrounding community the following measures will be implemented:

- A. None required.

VI. Initial Study Preparation

This study was prepared by the Lease Acquisition Section of the Los Angeles County Chief Administrative Office, Real Estate Division, Departmental Contact: Jim Petersen, at (213) 974-4154. This study was completed on April 18, 2001.

## NEGATIVE DECLARATION

Department Name: Health Services  
Project: Environmental Health

Pursuant to Section 15072, California Environmental Quality Act and  
California Administrative Code Title 14, Division 6

1. Description of Project  
Administrative Office Space
2. a. Location of Project (plot plan attached)  
3530 Wilshire Boulevard, Los Angeles
- b. Name of Project Proponent

County of Los Angeles  
Chief Administrative Office  
Real Estate Division 4<sup>th</sup> Floor  
222 South Street  
Los Angeles, CA 90012

3. Finding for Negative Declaration

It has been determined that this project will not have a significant effect on the environment based on information shown in the attached Environmental Information Form dated April 18, 2001 which constitutes the Initial Study of this project.

4. Initial Study

An Initial Study leading to this Negative Declaration has been prepared by the Chief Administrative Office, Lease Acquisition Section and is attached hereto.

5. Mitigation Measures Included in Project

None required.

Date  
04/18/01

Real Property Agent  
Jim Petersen

Telephone  
(213)974-4154

DATE POSTED - April 18, 2001

NOTICE OF PREPARATION OF NEGATIVE DECLARATION

This notice is provided as required by the California Environmental quality Act and California Administrative Code Title 14 Division 6, Section 15072 (a) (2) B.

A Negative Declaration has been prepared for this site based on an Initial Study which consists of completion and signing of an Environmental Information Form showing background information as follows:

1. Name of Proponent - County of Los Angeles  
Chief Administrative Office
2. Address/Phone No. - 222 South Hill Street, 4<sup>th</sup> Floor  
Los Angeles, California 90012

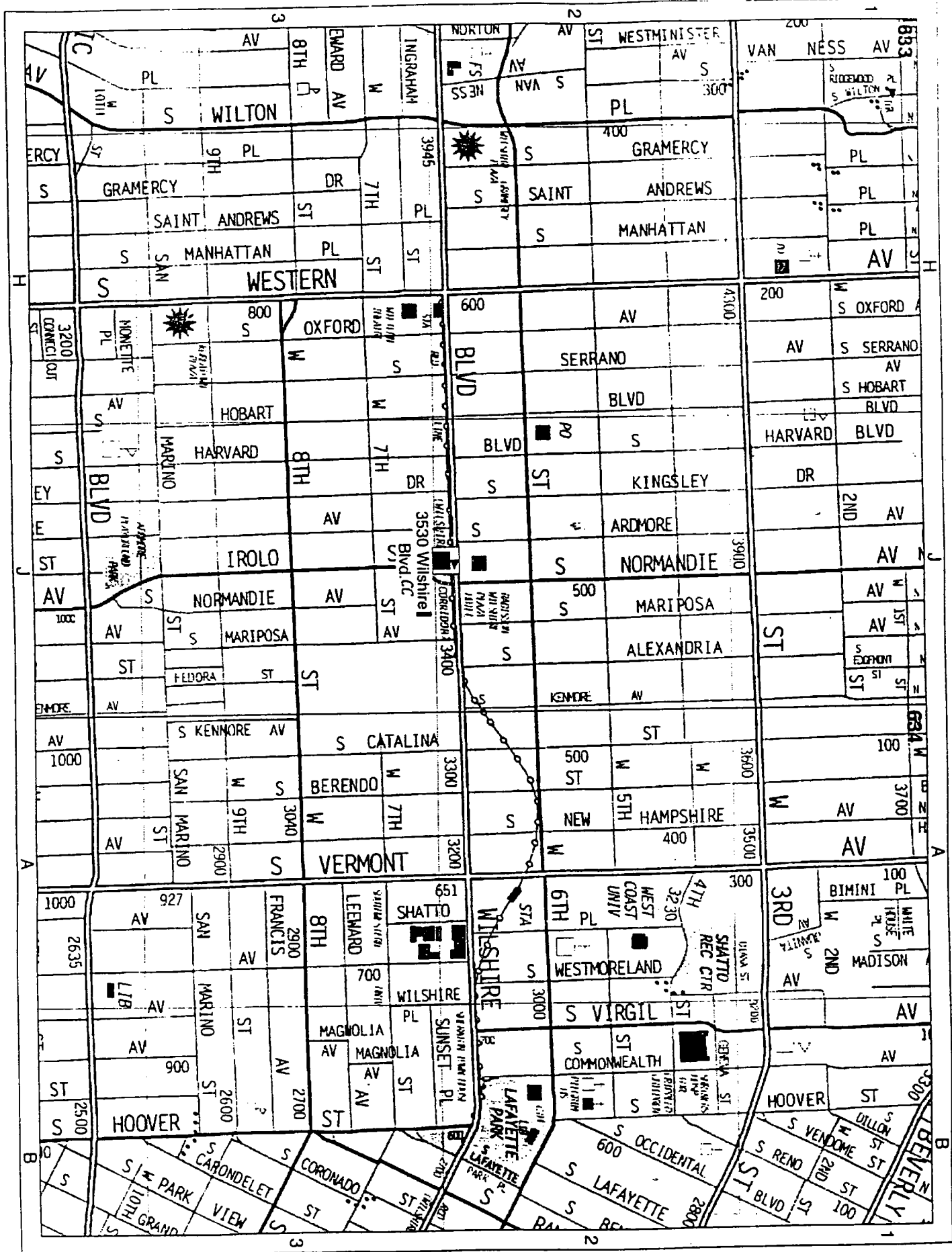
<u>Agent</u>	<u>Telephone</u>
Jim Petersen	(213) 974-4154

3. Date Information Form Submitted - April 18, 2001
4. Agency Requiring Information Form - Los Angeles County,  
Chief Administrative Office
5. Name of Proposal, if Applicable - Department of Health  
Services - Environmental Health
6. Address of Facility Involved - 3530 Wilshire Boulevard  
Los Angeles CA 90010

Interested parties may obtain a copy of the Negative Declaration and the completed Environmental Information Form/Initial Study by contacting the Real Property Agent indicated under 2., above, and referring to the proposal by name or to the facility by address.

Si necesita informacion en espanol, por favor de comunicarse con el agente designado, para asistencia en obtener una traduccion.

Hsla3530wilshirebl.negdec







Lease:  
Department: HEALTH SERVICES  
Lesser: METROPLEX, LLC

INDEX

1. DESCRIPTION OF PREMISES.....	1
2. TERM.....	2
3. RENT.....	3
4. USE.....	3
5. CANCELLATION.....	3
6. HOLDOVER.....	3
7. DAMAGE OR DESTRUCTION.....	3
8. TENANT'S FIXTURES.....	4
9. REPAIR, MAINTENANCE AND REPLACEMENT.....	4
10. UTILITIES.....	5
11. LESSOR'S ACCESS.....	5
12. DEFAULT.....	5
13. ASSIGNMENT; SUBLETTING.....	7
14. ALTERATIONS.....	7
15. NOTICES.....	7
16. CONDEMNATION.....	8
17. INSURANCE.....	9
18. TAXES.....	11
19. BINDING ON SUCCESSORS.....	11
20. PARKING SPACES.....	11
21. HAZARDOUS MATERIALS.....	11
22. GENERAL PROVISIONS.....	13
23. WARRANTY OF AUTHORITY.....	16
24. ESTOPPEL CERTIFICATE.....	16
25. TENANT IMPROVEMENTS.....	16
26. RENTAL ADJUSTMENT.....	20
27. ASSIGNMENT BY LESSOR.....	21
28. CONSIDERATION OF GAIN PROGRAM PARTICIPANTS.....	22
29. SOLICITATION OF CONSIDERATION.....	22
30. LIMITATION OF AUTHORITY.....	23
31. IRREVOCABLE OFFER.....	23

EXHIBITS

- A. SPACE PLAN
- B. MEMORANDUM OF COMMENCEMENT DATE
- C. MEMORANDUM OF TENANT IMPROVEMENT COST
- D. CLEANING AND MAINTENANCE SCHEDULE
- E. COMMUNITY BUSINESS ENTERPRISE FIRM
- F. MEMORANDUM OF LEASE
- G. WORK LETTER
- H. CONSTRUCTION SCHEDULE

**COUNTY OF LOS ANGELES  
CHIEF ADMINISTRATIVE OFFICE  
LEASE AND AGREEMENT**

THIS LEASE AND AGREEMENT, made and entered into in duplicate original this \_\_\_\_ day of \_\_\_\_\_, 2001, by and between METROPLEX, LLC, hereinafter referred to as the Lessor, and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as the Lessee,

**W I T N E S S E T H:**

1. **DESCRIPTION  
OF PREMISES:**

The Lessor, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Lessee, upon the following terms and conditions, hereby leases to the Lessee, and the Lessee hereby hires and takes of and from the Lessor, those certain premises located at 3530 Wilshire Boulevard, in the County of Los Angeles, State of California, more particularly described as follows:

- A. Original Premises: Suites 700 and 715 on the seventh floor, of the above listed address are combined into one suite comprised of approximately 17,230 rentable square feet and known as Suite 700.


Suite 800 which is the entire eighth floor, of the above listed address, which is approximately 23,118 rentable square feet.

Suite 900 which is the entire ninth floor, of the above listed address, which is approximately 23,118 rentable square feet.

The Premises shall consist of approximately 63,466 rentable square feet and up to 254 structured parking spaces. Lessor represents that 63,466 rentable square feet is the maximum amount of square footage available, and that at no time, except by specific amendment to this Lease, will the amount of square footage as contained herein exceed the amount stated above. Lessee shall have the exclusive right within ninety (90) days of approval by the Board of Supervisors to field-measure and verify the exact square footage of the lease premises. All measurements to be taken in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association (BOMA) International. Should this measurement be less than the square footage stated above, Lessee shall have the exclusive right to adjust said square footage and reduce the rent in Paragraph 3 accomplished by the mutual execution of a Memorandum of Understanding between the Lessor and the Lessee. Lessor acknowledges that (he, she, it) has marketed the space at the above indicated amount and in the event of subsequent physical measurements, Lessor agrees there will be no adjustment made to either the square footage or the rent in the event the measured square footage exceeds the amount represented by the Lessor.

- B. Option To Expand Premises:


Lessee shall have a three-month option commencing May 29, 2001, to expand the Premises to include all

  
INITIAL

of Floors 5 and 6 of the above listed address, which consists of 23,118 rentable square feet on the fifth floor and 23,336 square feet on the sixth floor for a total of 46,454 rentable square feet, and up to 186 parking spaces (four per thousand square feet leased). As authorized by the Board of Supervisors, at the discretion of the Chief Administrative Officer (CAO), such option may be exercised by the CAO, or his designee's, delivery to Lessor of a written notice of such exercise no later than August 27, 2001. If Lessee timely exercises such option as described above, then effective on the date upon which Lessor tenders possession of Floors 5 and 6 to Lessee following substantial completion of Lessor's tenant improvement work described in Section 25 (the Commencement Date for the expanded premises), Floors 5 and 6 shall be included as part of the Premises for all purposes under the Lease in accordance with all terms and conditions of this Lease including but not limited to Paragraphs 3. Rent; 5. Cancellation; 20. Parking Spaces; 25. Tenant Improvements and 26. Rental Adjustment.

2. **TERM:**

The term of this Lease shall be for a period of ten (10) years beginning upon completion of improvements by Lessor evidenced by the issuance of a Certificate of Occupancy (or a Temporary Certificate of Occupancy), or a final sign-off, if applicable, by the City of Los Angeles, pursuant to Paragraph 26 and acceptance thereof by the Lessee, but in no event later than December 1, 2001, and ending ten (10) years thereafter. Notwithstanding the prior commencement of the Lease term, the rent shall not be due and owing until said Lessee accepts the improvements to be performed by Lessor. Should there be any delays beyond the control of the Lessor, in regards to the time limits set forth in the Construction Schedule (Exhibit H), then the Lease commencement date may be adjusted accordingly upon the mutual consent of Lessee and Lessor. Acceptance and commencement of rent shall not occur any later than seven (7) days after receiving a notice from Lessor indicating that all tenant improvements required have been completed in compliance with the attached plans and specifications (Exhibit "A") and the space is ready for beneficial occupancy. In the event Lessee conducts a walkthrough and it is determined by Lessee, at Lessee's sole discretion, that the tenant improvements have not been completed, or the space is not ready for Lessee's occupancy, then, Lessee shall not be obligated to commence the rent per Paragraph 3 herein until actual beneficial occupancy. Additionally, Lessor shall be required to provide Lessee with another notice, and Lessee shall not accept the space any later than seven (7) days from the date of the second notice. The process may be repeated until the tenant improvements are completed and the space is ready for Lessee's occupancy. Lessee shall not unreasonably withhold its approval. Lessee hereby agrees to make timely inspections and to make timely notices of its approval or disapproval of said work. Lessor and Lessee shall promptly execute the "Memorandum of Commencement Date" attached hereto as Exhibit "B" following commencement of the Lease term subject to any remaining minor punchlist items. The Chief Administrative Officer, is hereby authorized to sign on behalf of Lessee.

  
INITIAL

B. Options to Renew:

Lessee shall have the option to renew this Lease for a period of five (5) years under the same terms and conditions except that the rental rate shall be adjusted to ninety-five percent (95%) of the average fair rental value of all office space within the METROPLEX Building at 3530 Wilshire Boulevard, Los Angeles. Lessee, by Chief Administrative Office letter, shall notify Lessor in writing not less than one hundred twenty (120) days prior to expiration of the Lease term of Lessee's intention to exercise its option. The actual exercise of the option shall be only by the Board of Supervisors of Los Angeles County.

3. RENT:

The Lessee hereby agrees to pay as rent for said demised Premises during the term the sum of Seventy-Nine Thousand Three Hundred Thirty-Two and 50/100 (\$79,332.50) per month, i.e., \$1.25 per rentable square foot per month. Additionally, Lessee shall pay Sixty Dollars (\$60) per month for each parking space requested by Lessee, pursuant to Paragraph 20. If Lessee exercises the option to expand, Lessee agrees to pay an additional Fifty-Eight Thousand Sixty-Seven Dollars and 50/100 (\$58,067.50) per month for the expansion space. All Rental payments shall be payable in advance by Auditor's General Warrant, subject to the provisions and adjustments pursuant to Paragraphs 20 (Parking Spaces), 25 (Tenant Improvements) and 26 (Rental Adjustment) herein, and shall be payable within fifteen days after the first day of each and every month of the term hereof provided Lessor has caused a claim therefor for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month.

4. USE:

Lessor agrees that the demised Premises together with all appurtenances thereto belonging or in any wise appertaining, shall be used by the Lessee as office space for Department of Health Services and for other governmental purposes or lawful purposes during normal working hours Monday through Friday from 7:00 A.M. to 6 P.M. and Saturday from 8 A.M. to 12:30 P.M. except holidays.

5. CANCELLATION:

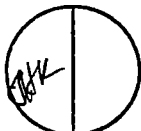
Lessee shall have the right to cancel this Lease at or any time after five years by giving Lessor not less than one hundred eighty (180) days prior written notice. In the event Lessee elects to cancel the lease, Lessee shall reimburse to Lessor in lump sum no later than 90 days after the cancellation date any remaining additional tenant improvement costs which have not been amortized, such costs being amortized at the rate of 10% per annum over the ten year term of the lease.

6. HOLDOVER:

In case Lessee holds over beyond the end of the term provided with the consent express or implied of Lessor, such tenancy shall be for two (2) month periods only, subject to the terms and conditions of this Lease, but shall not be a renewal hereof, and the rent shall be at the rate prevailing under the terms of this Lease. Either party may during the holdover cancel this Lease by giving the other party not less than sixty (60) days prior written notice.

7. DAMAGE OR DESTRUCTION:

Lessor agrees that should the demised Premises be damaged by fire, incidents of war, earthquake, or other elements as to render them reasonably unfit for Lessee's occupancy, as determined by Lessee's sole discretion, then this Lease shall be terminated immediately upon the



INITIAL

happening of any such event whereupon Lessee shall surrender the Premises and shall not be obligated for any further rental and Lessor shall refund any unearned rent paid in advance by Lessee calculated at a daily rate based on the regular monthly rental.

In the event of any lesser damage by any such cause that results in damage to ten percent (10%) or less of net usable area of the improvements Premises, then Lessor shall commence the repair and restoration of the Premises within fifteen (15) days of the event which necessitated the repair and restoration. In the event of any such cause which results in damage to more than ten percent (10%) of the net usable area of the improvement Premises, then Lessee shall have the right at its sole discretion to either surrender the Premises and not be obligated for any further rental under this Lease and Agreement, or to cause Lessor to commence the repair and restoration of the Premises within fifteen (15) days of the event that necessitated the repair and restoration.

Commencement of the repair and restoration under either of the aforementioned conditions shall require (1) securing the area to prevent injury to persons and/or vandalism to the improvements, and (2) the placement of a work order or contract for obtaining the Labor and Materials to accomplish the repair and restoration. If Lessor should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Lessee may give Lessor fifteen (15) working days prior written notice and thereafter perform or cause to be performed the restoration work and deduct the cost thereof from the installments of rent next due as a charge against the Lessor.

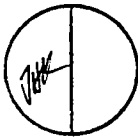
Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made effective on the date of such destruction. The proportionate reduction is to be based upon the proportion that the amount of (gross/rentable/useable) square feet within the leased Premises rendered unusable to Lessee bears to the whole (gross/rentable/useable) thereof. Lessee shall not be entitled to an abatement of rent pursuant to this provision when the damage to the Premises is the result of negligence or intentional acts of Lessee's employees.

8. TENANT'S  
FIXTURES:

Lessor agrees that the Lessee may remove, at its own expense, during or at the expiration or other termination of the term of this Lease, or any extension or holdover period thereof, as the case may be, all fixtures, equipment and all other personal property placed or installed in or upon the demised Premises by the Lessee, or under its authority.

9. REPAIR,  
MAINTENANCE  
AND  
REPLACEMENT:

A. This Lease is a full service lease. Therefore, Lessor agrees to repair, maintain and replace as necessary at Lessor's own expense the entire interior and exterior of the Premises. Lessor's responsibility shall include, but not be limited to lamps and tubes, exposed plumbing, fire sprinklers, if applicable, windows, window coverings, fire extinguishers, floor coverings, the sewer system, the grounds, parking spaces whether surface or structured parking (including resurfacing, restriping, landscaping, sweeping and provision of adequate lighting, as applicable), and the basic structure. Basic structure is agreed to include: all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, elevators (including elevator hydraulic system, and casing for elevator ram), stairways, concealed electrical systems, telephone intrabuilding network cable (INC), and heating, ventilating and air

  
INITIAL

conditioning system and fire sprinklers, if applicable. As part of Lessor's responsibilities for maintaining the Premises, Lessor shall provide for (1) furnishing and maintaining sewer services and trash removal, and (2) janitorial supplies (including restroom supplies) and janitorial services in accordance with the schedule attached to this Lease as Exhibit "D".

- B. In the event Lessor should fail, neglect or refuse to commence the repair, replacement or maintenance work required by Section Paragraph 9A herein within five (5) days after written notice has been served by Lessee, or fail, neglect or refuse to pursue said replacement or maintenance work with reasonable diligence to completion, the Lessee at its sole discretion may perform or cause to be performed said repair, replacement or maintenance work and deduct the reasonable cost thereof from the installments of rent next due as a charge to the Lessor, or the Lessee at its sole discretion may surrender the Premises and shall not be liable for any further rental under this Lease and Agreement.
- C. Lessee agrees to return said Premises to Lessor in as good condition as when rented, ordinary wear and tear, damage by earthquake, fire or the elements and other disaster or casualty excepted, (other than damage which is the result of the negligence or intentional acts of Lessee or Lessee's agents, officers, invitees or employees).
- D. In the event that items specified in Paragraph 9A wear out or fail or are damaged by earthquake, fire or the elements, and/or other public disaster or casualty, the Lessor shall replace said items at its own expense, subject to the provisions of Paragraph 7.

10. **UTILITIES:**

Lessor agrees to pay when due all charges for the use of the sewer, effluent treatment, when and if imposed by any Governmental authority, all water, sprinkler standby charges, electricity, gas, and other lighting, heating, and power and other utility rents and charges accruing or payable in connection with the demised Premises during the term of this Lease or any renewal, extension, or holdover thereof, whether the same are pro-rated or measured by separate meters.

In the event Lessor fails or refuses to pay any or all of the charges when due, Lessee may give Lessor ten (10) calendar days prior written notice and thereafter pay directly such charges and deduct the payments from the installments of rent next due as a charge against the Lessor, or the Lessee at its sole discretion may surrender the Premises and shall not be liable for any further rental under this Lease and Agreement.

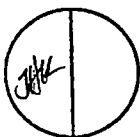
11. **LESSOR'S ACCESS:**

Lessee agrees to permit the Lessor or Lessor's authorized agents free access to the demised Premises at all reasonable times for the purpose of inspection or for making necessary improvements or repairs.

12. **DEFAULT:**

A. **Default by Lessee:**

Lessee agrees that if default shall be made in the payment of rent in the manner herein provided or in any of the covenants or agreements herein contained on the part of the Lessee to be kept and performed which constitute a material breach of the Lease, it shall be lawful for the Lessor to declare said term ended and to terminate this Lease upon the giving of thirty (30) days written notice. In addition thereto, Lessor shall have such other rights or remedies as may be provided by law.



INITIAL

Lessor may not terminate the Lease if (1) Lessee cures the default within the thirty (30) day period after the notice is given, or (2) the default cannot reasonably be cured within the thirty (30) days after notice is given, but Lessee reasonably commences to cure the default within the thirty (30) days period and diligently and in good faith continues to cure the default.

B. Default by Lessor:

Lessor shall not be in default in the performance of any obligation required to be performed under this Lease unless Lessor has failed to perform such obligation within thirty (30) days after the receipt of written notice of default from Lessee specifying in detail Lessor's failure to perform or within such shorter period of time as may be specified herein. Lessee may terminate this Lease upon Lessor's default of any material obligation upon giving of thirty (30) days written notice of termination. In addition thereto, Lessee shall have such other rights or remedies as may be provided by law. Lessee may not terminate the Lease if (1) Lessor performs and meets the obligation within the thirty (30) day period (or shorter specified period) after notice of default is given, or (2) the obligation cannot reasonably be performed within thirty (30) days after notice of default is given, but Lessor reasonably commences to cure the default within the thirty (30) day period (or shorter specified period pursuant to Paragraphs 7, 9, 16, 21, and 26) and diligently and in good faith continues to cure the default.

Lessee shall not exercise any of its rights under this Paragraph, other than its rights to give notice, until Lessee gives notice to any person who has requested in writing notice of Lessor's default, and has specified that person's interest in the Lease. The notice to such person shall be for the same period of time as that to which Lessor is entitled. Such person shall have the right to cure the default within the same period of time, after notice, to which Lessor would be entitled.

If Lessor or such person does not cure the default, Lessee may exercise any of its rights or remedies provided for or permitted in this Lease or pursuant to law, including the right to recover any damages proximately caused by the default.

If Lessee is permitted to cure the default under the terms of this Lease, and elects to do so, then Lessee shall be entitled to reimbursement for all of its costs incurred, as well as to recovery for all damages proximately caused to it because of the default.

C. Request for Notice of Default

Lessor shall obtain prior to the Lessee's occupancy of the Premises, a Request for Notice of Default, in a recordable form, executed and acknowledged by Lessor, requesting that the County be notified of any Notice of Default filed by any of Lessor's lenders, to the address of County as specified in Section 15 of this lease.

D. Receipt of Notice

Notwithstanding anything in Paragraph 15 herein to the contrary, receipt of notice under this Paragraph shall be conclusively presumed to have occurred on the earliest of:

- (1) The date of personal delivery to Lessor or to Lessor's agent or employee at Lessor's place of

  
INITIAL



business, or to a resident over eighteen (18) years of age at Lessor's residence.

- (2) The date of delivery shown upon the United States Postal Service's return receipt for certified or registered mail.
- (3) Ten (10) days after deposit of notice to the address stipulated in Paragraph 15, sent by first class mail with the United States Postal Service, provided prior or concurrent notice has been attempted pursuant to Paragraph 15, but delivery has been refused or the notice otherwise returned without delivery.

13. **ASSIGNMENT:**  
**SUBLETTING:**

Lessee shall have the right to assign this lease or sub-lease the Premises so long as the intended use is consistent and compatible with the other tenancies within the building and/or surrounding buildings and upon the condition that the assignee or sublessee expressly assumes and agrees in writing to pay the rent and to perform each and every covenant and agreement in this lease required by Lessee to be paid or to be performed. Lessee agrees to notify Lessor of any change in tenancy.

14. **ALTERATIONS:**

Lessor and Lessee agree not to make any structural alterations in or on the demised Premises without first securing the prior written consent of the other party and further agree to make such alterations only at such time that it is agreeable to said other party. Consent shall be given or denied within thirty (30) days of receipt of written request. Consent shall not be unreasonably withheld. Should there be no response within thirty (30) days the request is deemed approved. "Structural" alterations shall be any modification to the improvements which results in a change in the structural integrity of the improvements or alters the gross cubic area of the improvements. Notwithstanding any other provision, the Lessee may make non-structural alterations without Lessor's prior written consent.

Any alterations installed by Lessee which are "trade fixtures as such are defined by the law of eminent domain shall be treated as tenant's fixtures in accordance with the provisions of this Lease and Agreement.

15. **NOTICES:**

Notices desired or required to be given by this Lease or by any law now or hereinafter in effect shall be given by enclosing the same in a sealed envelope with postage prepaid, certified or registered mail, return receipt requested, with the United States Postal Service.

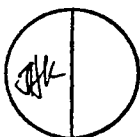
Any such notice and the envelope containing the same shall be addressed to the Lessor as follows:

Metroplex, LLC  
3530 Wilshire Boulevard, Suite 260  
Los Angeles, CA 90010

or such other place as may hereinafter be designated in writing by the Lessor except that Lessor shall at all times maintain a mailing address in California.

The notices and envelopes containing the same shall be addressed to the Lessee as follows:

Board of Supervisors  
Kenneth Hahn Hall of Administration, Room 383  
500 West Temple Street  
Los Angeles, CA 90012



INITIAL

with a copy to:

Chief Administrative Office, Real Estate Division  
222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, CA 90012  
Attention: Director of Real Estate

16. **CONDEMNATION:**

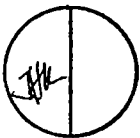
If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation") any award for the taking of all or any part of the Premises shall be the property of the Lessor, to the extent it is compensation for the taking of the fee or as severance damages. Lessee shall be entitled to that portion of the award, if any, attributable to Lessee's trade fixtures and improvements and for the bonus value of Lessee's leasehold. "Trade fixtures" are agreed to include any tenant improvements installed at the Lessee's request to the extent that Lessee has reimbursed Lessor for such tenant improvements in a lump sum or through amortization included in the rent payments. This Lease shall remain in full force and effect as to the portion of the Premises remaining except that the rent shall be reduced in the proportion that the area taken bears to the total leased Premises.

In the event of a partial taking of the structure, Lessor shall use the proceeds of the condemnation received by Lessor to restore the Premises to a complete architectural unit of a quality, appearance and functional utility at least consistent with the structure as it existed prior to the taking. Rent shall abate for such time and for such area as reconstruction is required and areas are not secure, weather-tight, and usable as office space. Failure of Lessor to commence such restoration within thirty (30) days of the actual physical taking of a portion of the structure shall be grounds for Lessee to cancel this Lease by giving Lessor fifteen (15) days advance written notice of such cancellation, or Lessee, in its discretion, may elect to undertake directly the restoration and deduct the costs thereof from the installments of rent next payable to the Lessor. Commencement under the aforementioned condition shall require (1) securing the area to prevent injury to persons and/or vandalism to the improvements, and (2) the placement of a work order or contract for obtaining the Labor and Materials to accomplish the restoration.

Within fifteen (15) days of receipt of the offer to acquire the property pursuant to Section 7267.2 of the Government Code or, within fifteen (15) days of the date landlord receives notice of the RESOLUTION of NECESSITY to condemn property, whichever is earlier, Lessor shall notify Lessee in writing (1) of condemnation proceeding and (2) physical extent of the Premises that will be affected by the proposed taking.

If more than ten percent (10%) of the floor area of the improvements on the Premises, or more than twenty-five percent (25%) of the land area of the Premises, which is not occupied by any improvements, is taken by condemnation, Lessee may cancel this Lease. The parties agree that Lessor and Lessee shall each receive independently their relocation assistance.

In the event of a partial taking of the parking area, Lessor shall use his best effort to provide Lessee with two hundred forty-two (242) off-street in-and-out parking spaces within five hundred (500) feet of the demised Premises. Lessee may at its sole discretion



INITIAL

negotiate with Lessor for an equitable reduction in the monthly rent based upon the Fair Market Value of such parking or the loss of such parking if not replaced.

Notwithstanding the above, failure of the Lessor to provide a minimum of two-hundred forty-two (242) spaces at all times shall entitle Lessee to cancel this Lease by giving Lessor fifteen (15) days' advance written notice of such cancellation.

**17. INDEMNIFICATION  
AND INSURANCE  
REQUIREMENTS:**

During the term of this Lease, the following indemnification and insurance requirements shall be in effect.

**A. Indemnification:**

Lessor shall indemnify, defend and hold harmless Lessee, from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with Lessor's ownership, repair, maintenance and other acts and/or omissions arising from and/or relating to the Premises.

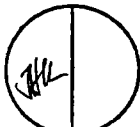
Lessee shall indemnify, defend and hold harmless Lessor, from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with Lessee's use of the Premises.

**B. Waiver:** Both the Lessee and Lessor each agree to release the other and waive their rights of recovery against the other for damage to their respective property arising from perils insured in the Causes-of-Loss Special Form (ISO form CP 10 30).

**C. General Insurance - Lessor Requirements:** Without limiting Lessor's indemnification of Lessee and during the term of this Lease, Lessor shall provide and maintain the programs of insurance set forth in Paragraph 17. D., Insurance Coverage Types and Limits - Lessor Requirements. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by Lessee, and such coverage shall be provided and maintained at Lessor's own expense.

(1) **Evidence of Insurance.** Certificate(s) or other evidence of coverage satisfactory to Lessee shall be delivered to the Chief Administrative Office, Real Estate Division, 222 S. Hill Street, 4<sup>th</sup> floor, Los Angeles, CA 90012 Attn: Director of Real Estate upon execution of this Lease. Such certificates or other evidence shall:

- (a) Specifically identify this Lease.
- (b) Clearly evidence all coverages required in this Lease.
- (c) Contain the express condition that Lessee is to be given written notice by mail at least thirty (30) days in advance of cancellation for all policies evidenced on the certificate of insurance.
- (d) Include copies of the additional insured endorsement (ISO form CG 20 26) to the commercial general liability policy, adding the Lessee as an additional insured.
- (e) identify any deductibles or self-insured retentions exceeding \$25,000.

  
INITIAL

(2) **Review of Insurance Requirements.** The types of insurance and limits required under this Lease shall be reviewed annually by the Lessor or its representative. Coverage types and limits shall reflect the prevailing practice in the Los Angeles metropolitan area for insuring similar property and casualty risks, and be subject to Lessee's approval. Insurance is to be provided by an insurance company acceptable to Lessee with an A.M. Best rating of not less than A:VII, unless otherwise approved by Lessee.

(3) **Failure to Maintain Coverage.** Failure by Lessor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to Lessee shall constitute a material breach of the Lease pursuant to Paragraph 12. B., Default by Lessor. Alternatively, at its sole option, Lessee may purchase such required insurance coverage, and without further notice to Lessor, deduct any premium costs advanced by Lessee for such insurance from any rental payments next due to Lessor.

**D. Insurance Coverage Types and Limits - Lessor Requirements:**

(1) **General Liability** insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

General Aggregate: \$2 million  
Products/Completed Operations Aggregate: \$2 million  
Personal and Advertising Injury: \$ 1 million  
Each Occurrence: \$ 1 million

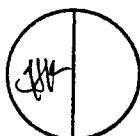
**B. Commercial Property** insurance. Such insurance shall:

- (a) cover damage to Lessor's property, including improvements and betterments, from perils covered by the Causes-of-Loss Special Form (ISO form CP 10 30), and include Ordinance or Law coverage.
- (b) be written for the full replacement cost of the property, with a deductible of no greater than 5% of the property value. Insurance proceeds shall be payable to the Lessor and the Lessee as their interests may appear and be utilized for repair and restoration of the Premises. Failure by Lessor to use such insurance proceeds to timely repair and restore the Premises shall constitute a material breach of this Lease pursuant to Paragraph 12B, Default by Lessor.
- (c) include a Waiver of Subrogation in favor of Lessee.

**E. General Insurance - Lessee Requirements:** During the term of this Lease, Lessee shall maintain a program of insurance coverage as described below. Lessee, at its sole option, shall use commercial insurance and/or self-insurance coverage or any combination thereof to satisfy these requirements. Certificate(s) evidencing coverage will be provided to Lessor after execution of this Lease at Lessor's request.

**- Insurance Coverage Types and Limits - Lessee Requirements:**

(1) **General Liability** coverage (equivalent to ISO policy form CG 00 01) with limits of not less than the following:



INITIAL

General Aggregate:\$ 2 million  
Products/Completed Operations Aggregate:\$ 1 million  
Personal and Advertising Injury:\$ 1 million  
Each Occurrence:\$ 1 million

Lessor shall be an Additional Insured (or its equivalent) with respect only to liability arising from Lessee's sole negligence in its use of the leased Premises.

**Workers Compensation and Employers' Liability** insurance providing workers compensation benefits as required by the Labor Code of the State of California, and including Employers' Liability coverage with limits of not less than the following:

Each Accident:	\$1 million
Disease - policy limit:	\$1 million
Disease - each employee:	\$1 million

18. **TAXES:**

Lessor shall pay promptly all real property taxes, assessments and special assessments which may be levied or assessed against the demised Premises during the term of this Lease or any renewal or holdover period thereof.

In the event Lessor fails or refuses to pay any or all taxes or assessments when due, Lessee may give Lessor thirty (30) calendar days prior written notice and thereafter pay such taxes and assessments and deduct the payments from the installments of rent next due as a charge against the Lessor.

19. **BINDING ON**  
**SUCCESSORS:**

Each and all of the terms and agreements herein contained shall be binding upon and shall inure to the benefit of the successors in interest of the Lessor, and wherever the context permits or requires, the successors in interest to the Lessee.

20. **PARKING**  
**SPACES:**

Lessee by Chief Administrative Office (CAO) letter may authorize Lessor to provide for the use by Lessee during the term of this Lease and Agreement or any renewal or holdover period as the case may be, up to Two Hundred Fifty-Four (254) structured in-and-out parking spaces, and if the option to expand is exercised One Hundred Eighty-Six (186) additional spaces, (4 per 1,000 square feet of rentable square feet leased) located within the building parking structure at an additional rate of \$60.00 per space per month for the spaces utilized, subject to Section 26, Rental Adjustment. No more than 20% tandem spaces will be included or provided at an off-site location within one block of 3530 Wilshire Boulevard and all spaces will be "in and out" as long as that design is consistent with County policy. Any alternate parking structure must be inspected and approved by Los Angeles County Department of Public Works.

Lessor shall use his best effort to provide Lessee with two hundred fifty-four (254) spaces at all times if requested by CAO letter.

Notwithstanding the above, failure of the Lessor to provide a minimum of two hundred fifty-four (254) spaces at all times if requested by CAO letter shall entitle Lessee to cancel this Lease and Agreement by giving Lessor fifteen (15) days advance written notice of such cancellation.

21. **HAZARDOUS**  
**MATERIALS:**

**Definition:**

For purposes of this Agreement, the term "hazardous substances" shall be deemed to include hazardous, toxic



or radioactive substances as defined in California Health and Safety Code Section 25316 as amended from time to time, or the same or a related defined term in any successor or companion statutes, and crude oil or byproducts of crude oil other than crude oil which exists on the property as a natural formation, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8.

Warranties and Representations:

1. Lessor hereby warrants and represents, based upon appropriate and reasonable inspection of the Premises, that during its ownership of the Premises; hazardous substances have not been released on the Premises; that it has no knowledge of any release of hazardous substances on the Premises occurring before its ownership; that it has no knowledge or reason to believe that there are hazardous substances on the Premises; that Lessor shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances; and that Lessor shall require all other tenants, if any, of the subject property to comply with the aforementioned rules and regulations.
2. Lessee hereby warrants and represents that it shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances on the Premises.

Notice:


Lessor and Lessee agree to immediately notify each other when either party learns that hazardous substances have been released on the Premises or, if a multi-tenant property, on the subject property.

Indemnity:

1. Lessor agrees to indemnify, defend and save Lessee, its agents, offices and employees from or against all liability, expenses (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of hazardous substances on the Premises which has not been caused by Lessee.
2. Lessee agrees to indemnify, defend and save harmless Lessor from and against all liability, expenses (including defense costs, legal fees and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of hazardous substances on the Premises caused by Lessee.
3. The indemnity provided each party by this provision shall survive the termination of this Lease.

Default:

The presence or release of hazardous substances on the Premises and/or subject property, which is not caused by Lessee and which threatens the health and safety of Lessee's agents, officers, employees or invitees, as determined by Lessee's sole discretion, shall entitle Lessee to immediately terminate this Lease. In the event of such termination, Lessee shall not be obligated for any further rental and Lessor shall refund any unearned rent paid in advance by Lessee calculated at a daily rate based on the regular monthly rental.

  
INITIAL

Operating Costs:

Costs incurred by Lessor as a result of the presence or release of hazardous substances on the Premises and/or subject property which is not caused by Lessee are extraordinary costs not considered normal operating expenses and shall not be passed through to Lessee as part of its obligation, if any, to pay operating expenses.

Asbestos Notification:

Lessor agrees to notify Lessee at least annually of Lessor's knowledge of the presence of asbestos containing materials within the building of which the demised Premises is part. Such notification shall comply with Health and Safety Code Sections 25915 et seq as amended from time to time or as required by any successor or companion statutes enacted subsequent to this Lease and Agreement.

Indoor Air Pollution Notification:

Lessor represents and warrants that a) there have been no complaints regarding the indoor air quality anywhere in the building or in the ventilating system; b) he Lessor will deliver to Lessee copies of any such complaints received; c) to the best of his Lessor's knowledge there are no indoor air pollution and/or air quality problems in the building; and d) he Lessor will notify Lessee if any indoor air quality or environmental problem is discovered or reported in the building, and undertake to correct such problem at his Lessor's sole cost and expense.

22. GENERAL  
PROVISIONS:

A. Waiver

The waiver by Lessor or Lessee of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained.

B. Marginal Headings

The paragraph titles in this Lease are not a part of this lease thereof and shall have no effect upon the construction or interpretation of any part hereof.

C. Time

Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

D. Recordation

This lease shall not be recorded but the parties shall execute and acknowledge before a notary public, the Memorandum of Lease attached to this Lease as Exhibit "F". The Memorandum of Lease shall be recorded with the Los Angeles County Recorder at Lessee's expense.

Lessee shall, within thirty (30) days of the lease upon Lessor's request, execute and deliver to Lessor a quitclaim deed to the Premises, in recordable form, designating Lessor as Transferee. The quitclaim deed may be executed by the Chief Administrative Officer of the County of Los Angeles or his designee.

  
INITIAL

E. Quiet Possession

Upon Lessee paying the rent hereunder Lessee shall have quiet possession of the demised Premises for the entire term hereof subject to all the provisions in this Lease. If any underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, this Lease shall nevertheless remain in full force and effect and Lessee at all times shall be entitled to quiet possession and use of the Premises and shall, notwithstanding any subordination, and upon the request of such successor in interest to Lessor, attorn to and become the Lessee of the successor in interest to Lessor.

F. Prior Agreements

This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease and no prior agreements or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

G. Force Majeure

In the event that either party is delayed or hindered from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials not related to the price thereof, failure of power, restrictive governmental laws and regulations, riots, insurrection, war or other reasons of a like nature beyond the control of such party, then performance of such acts shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

H. Separability

Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

I. Cumulative Remedies

No remedy or election hereunder shall be deemed exclusive but shall wherever possible be cumulative with all other remedies at law or in equity.

J. Choice of Law

This Lease shall be governed by the laws of the State of California, exclusive of conflict of law provisions.

K. Warranties or Guarantees

In the event that any of the items required to be maintained and repaired by the Lessor under the provisions of Paragraph 9A herein are protected by warranties or guarantees the Lessee shall be entitled to the full benefit of such protection as if it were the original purchaser thereof.



INITIAL



L. Impairment of Title

Lessor hereby covenants to notify Lessee in writing within thirty (30) days of each and every occurrence which may impair Lessor's title to the demised Premises. Such occurrences include, but are not limited to, default on a trust deed, transfer of any interest in any trust deed, notification of any lien recordation, notification of any foreclosure, and notification of default in the master lease. Lessor further agrees to notify Lessee, in writing, within ten (10) days of receipt of any written notice regarding redevelopment, zoning, or conditional use permits which affect the property, the subject of this Lease or real property adjacent thereto.

M. Arbitration

In the event of any dispute regarding the terms, conditions, rights or obligations of the parties hereto, such dispute may, at the request of either party, be submitted to arbitration in accordance with the provisions of Code of Civil Procedure Section 1280 et seq as they now exist or may later be amended. The Chief Administrative Officer, or its designee, shall act on behalf of Lessee in arbitration, with the assistance of Counsel, for so long as County is the Lessee under this Lease.

N. Construction

Any and all construction pertaining to this Lease and Agreement by Lessor or his designated contractors or subcontractors shall comply with all applicable City, County, State and Federal regulations, codes and ordinances, including but not limited to all provisions of the Labor Code of the State of California. Under the provisions of said Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements.

Particulars of the current Prevailing Wage Scale, as approved by the Board of Supervisors, which are applicable to the work contemplated are filed with the Clerk of the Board of Supervisors and must be posted at the subject site.

O. Interpretation

The language of this Lease shall be construed according to its fair meaning and not strictly for or against Lessor or Lessee.

P. Community Business Enterprise

Lessor is encouraged to use Community Business Enterprises (CBE) in all contracts when possible as sources for supplies, equipment, construction and services. This shall apply during any applicable tenant improvement construction, modular furniture installation and services to be provided during the lease term.

Lessor shall submit evidence of CBE participation by providing completed copies of the Community Business Enterprise Firm Information, form attached hereto as Exhibit "E", at the time of signing this Lease and Agreement and thereafter on an annual



INITIAL

basis on or before December 30th of each year of the term of this Agreement.

Q. Lobbyists

Lessor and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by Lessor, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Lessor or any County lobbyist or County lobbying firm retained by Lessor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which County may immediately terminate or suspend this Lease and Agreement.

23. WARRANTY OF  
AUTHORITY:

Each of the undersigned signatories for the Lessor hereby personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Lease upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the Lessee from all damages, costs, and expenses, which result from a breach of this material representation.

24. ESTOPPEL  
CERTIFICATE:

Either party shall at any time upon not less than thirty (30) days' prior written notice from the other party execute, acknowledge and deliver to the requesting party a statement in writing (1) certifying that this Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Agreement, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (2) acknowledging that there are not to the declarant's knowledge, any uncured defaults on the part of either party hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the building complex or any other interested party. Failure to deliver such statement within such time shall be conclusive evidence (a) that this Agreement is in full force and effect without modification except as may be represented by the requesting party in the written request for the certificate, (b) that there are no uncured defaults in either party's performance, and (c) that not more than one month's rent has been paid in advance.

25. TENANT  
IMPROVEMENTS:

A. Lessor shall deliver the premises, including the option space if Lessee exercises its right pursuant to Paragraph 1B, in its vanilla shell condition which is to be defined in the work letter, ("Tenant Improvement Workletter") which Lessor agrees to execute and which is substantially in the form attached as Exhibit "G".

Additional Tenant Improvement/Modular Furniture  
Telecommunications Allowance:

Lessor within ten (10) days after receipt of a duly executed copy of this Lease document, and after receipt of written notice of County's exercise of notice to expand, and County-approved preliminary plans, will, cause a licensed California architect to prepare final working drawings and specifications for the proposed interior tenant improvements, modular furniture and low voltage security which are to be completed by Lessor up to a maximum cost of \$3,173,300.00 (\$50 per rentable square foot) for the 63,466 square feet of original leased space and a maximum cost of \$2,322,700.00



INITIAL

(\$50 per rentable square foot) for the 46,454 square feet of optioned expansion space.

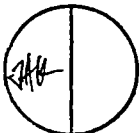
Lessee agrees to reimburse Lessor for tenant improvement cost above the vanilla shell finish and will amortize said cost at the rate of 10% per annum over the lease term. The Lessee may at anytime during the Lease term pay Lessor in a lump sum for all or any portion of the tenant improvement cost and reduce the rental rate per Paragraph 3 accordingly. Lessor will notify Lessee of the tenant improvement final cost, and the amount payable monthly by Lessee in addition to the rent. For purposes of ascertaining the actual cost of said tenant improvements, Lessor shall provide to Lessee, upon the issuance of a Certificate of Occupancy, or a final sign-off by the City of Los Angeles, a detailed breakdown of the total costs of constructing the tenant improvements and execute a summarized breakdown of the total costs of the tenant improvements in the form of the attached Exhibit "C" with the right to audit these costs for a period of Twenty-four months from the date of commencement of the term of this Lease.

In the event Lessee requests a rent reduction due to its audit of these costs, Lessee shall provide Lessor with a copy of the audit summary as part of its request.

The working drawings are to be prepared in accordance with preliminary plans and specifications No. 12-01 dated June 25, 2001. Said Plans and Specifications are also on file with the Chief Administrative Office and identified as Exhibit "A" and incorporated herein by reference thereto and Lessor has a duplicate copy. Lessor shall provide any final working drawings required from said preliminary plans with Lessee having the right to review and approve said final working drawings. All work, construction and materials shall be in final working drawings and specifications. All circuit breakers, fire sprinklers, and plumbing shut off valves shall be labeled as to areas controlled both on the drawings and on the breaker panels and valves. Upon completion Lessor shall furnish the Chief Administrative Office with one (1) complete set of reproducible as-built drawings of the tenant improvements on a CAD system basis, together with the existing plans, if any, showing the locations of any underground utility lines and their depths.

The Premises shall meet all applicable City, County State and Federal building codes, regulations and ordinances required for beneficial occupancy. Any work, including construction, that Lessor must undertake to obtain the necessary jurisdictional approvals for occupancy shall be at Lessor's sole cost and expense and shall not be considered as part of the tenant improvement allowance. Any work to meet applicable code requirements necessitated by Lessee's special requirements shall be included as part of the tenant improvement allowance.

The Lessor shall submit three bids for the construction of the tenant improvements to the County for its review prior to award of the contract. The bids shall include an itemized list of all materials and labor and shall include all additional costs including A/E fees, permits, reasonable contractor's profit and overhead, and project management fees. Three bids for the



INITIAL

purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

The tenant improvement cost shall not include any costs incurred for asbestos abatement, fire sprinkler system, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, fire sprinkler system, or air conditioning system conversion shall be performed at the sole cost and expense of Lessor.


Discretionary Tenant Improvement Allowance:

Additionally, at the discretion of the CAO, or his designee, the CAO may authorize Lessor after review of estimates and approval of the CAO, to pay an additional discretionary allowance of \$317,330 (i.e., \$5.00 per rentable square foot) ("Discretionary Tenant Improvement Allowance") above the Tenant Improvement/Modular Furniture/Telecommunications Allowance of \$3,173,300 or \$50 per square foot for the original leased space and an additional discretionary allowance of \$232,270 (i.e., \$5.00 per rentable square foot) ("Discretionary Tenant Improvement Allowance") above the Tenant Improvement/Modular Furniture/Telecommunications Allowance of \$2,322,700 or \$50 per square foot for the optioned expansion space. The amount of Discretionary Tenant Improvement Allowance, together with interest at ten percent (10%) per annum, shall be repaid by Lessee, not as part of Base Rent, but as additional rent due and payable under the Lease, in 120 equal monthly installments on the first day of each month during the Lease Term and shall be repaid by Lessee to Lessor pursuant to the provisions set forth in this subparagraph A. Lessee may, at any time during the Lease Term following December 1, 2001, prepay Lessor, in a lump sum payment, the Discretionary Tenant Improvement Allowance. Lessor will notify Lessee of the final cost of such discretionary tenant improvements, and the amount payable monthly by Lessee in addition to the base rent. For purposes of ascertaining the actual cost of said discretionary tenant improvements, Lessor shall provide to Lessee, upon the issuance of a Certificate of Occupancy, or a final sign-off by the City of Los Angeles, a detailed breakdown of the total costs of the discretionary tenant improvements in the form of the attached Exhibit "D" with the right of Lessee to audit these costs for a period of eighteen (18) months from the date of commencement of the term of this Lease.

B. Completion

The parties agree that the estimated time for completion of said tenant improvements is ninety days from the date of issuance of the building permit based on the Construction Schedule attached herewith as Exhibit "H". Lessor shall file for a building permit to construct the improvements within ten (10) days of completion of final working drawings and acceptance by Lessee and diligently pursue to obtain the permit as soon as possible.

Additionally, Lessor shall complete the telephone equipment room(s) including permanent power and HVAC in compliance with the plans and

  
INITIAL

specifications referenced above as Exhibit "A" at least thirty (30) days prior to the estimated completion date. During this thirty (30) day period, the Lessor shall be responsible for any telephone/data equipment delivered to the site for programming prior to the completion date.

Completion may be delayed by:

1. Acts or omissions of Lessee or of any employees or agents of Lessee (including change orders in the work), or
2. Any act of God which Lessor could not have reasonably foreseen and provided for, or
3. Any strikes, boycotts or like obstructive acts by employees or labor organizations which Lessor cannot overcome with reasonable effort and could not reasonably have foreseen and provided for, or
4. Any war or declaration of a state of national emergency, or
5. The imposition by government action or authority of restrictions upon the procurement of labor or materials necessary for the completion of the building Premises.

C. Change Orders

All Lessee requested and approved change orders shall not exceed a total cost of One Hundred Fifty-Eight Thousand Six Hundred Sixty-Five Dollars (\$158,665.00) and Lessor shall not be required to accept any particular change order if the total cost of prior Lessee initiated change orders exceeds One Hundred Fifty-Eight Thousand Six Hundred Sixty-Five Dollars (\$158,665.00) for the original leased space. If the Lessee exercises its right to expand all Lessee requested and approved change orders shall not exceed a total cost of One Hundred Sixteen Thousand One Hundred Thirty-Five Dollars (\$116,135) and Lessor shall not be required to accept any particular change order if the total cost of prior Lessee initiated change orders exceeds One Hundred Sixteen Thousand One Hundred Thirty-Five Dollars (\$116,135). The Chief Administrative Officer, is hereby authorized to approve change orders on behalf of Lessee. Lessee may pay for change order costs in lump sum, or may, at its option, amortize the change order costs over the term of the Lease including interest at the rate of 10 percent (10%) per annum, i.e., Thirteen and 22/100 (\$13.22) per month for each ONE THOUSAND DOLLARS (\$1,000.00) of change order costs. Lessor, or Lessor's contractor, shall submit to the Chief Administrative Officer, with each requested change order (a) specific cost of the requested change; (b) the cumulative net total cost of all change orders previously approved; and (c) an estimate of the construction time which will be increased or shortened if the change order is approved. Each change order shall be signed and dated by the Chief Administrative Officer to be considered approved. Lessee shall have the right to audit the cost of the changes for a period of twenty-four months from the date of commencement of the term. In the event Lessee requests a rent reduction due to its audit of these costs, Lessee shall provide Lessor with a copy of the audit summary as part of its request.

  
INITIAL

D. If Lessor fails to obtain the building permit within a reasonable time, taking all factors into consideration, or if tenant improvements have not been completed within sixty (60) days from the estimated time of completion, which period shall be extended for a reasonable time for delays enumerated in subparagraph B above, Lessee may, at its option:

- (1) Cancel the Lease upon thirty (30) days written notice to Lessor; or
- (2) Upon thirty (30) days written notice to Lessor, assume the responsibility for providing the tenant improvements itself.

If Lessee elects to provide tenant improvements itself, then:

- (a) Lessee, its officers, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of making the tenant improvements and for any other purposes reasonably related thereto;
- (b) rent shall be reduced by Lessee's total expense in making the tenant improvements, including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of 10%. The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Lessee's total expense shall be fully amortized in equal monthly amounts over 10 years.

26. RENTAL  
ADJUSTMENT:

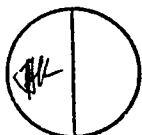
A. On the first anniversary date of the first day of the first full calendar month following the commencement of this Lease and every twelve months thereafter, the rent shall be adjusted in accordance with the CPI formula set forth in Paragraph 26B. The "Base Index" shall be the Index published for the month the Lease commences.

B. CPI FORMULA: The method for computing the annual rental adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84 = 100), herein referred to as "Index".

The rental adjustment shall be calculated by multiplying the Lessor's base year rent by a fraction, the numerator being the New Index published in the month immediately preceding the month the adjustment is effective, and the denominator being the Base Index which is the Index published for the month the Lease commences. The formula shall be as follows:

$$\frac{\text{New Index}}{\text{Base Index}} \times \$79,332.50 = \text{New Monthly Rent}$$

If the Index is changed so that the base year of the Index differs from that used as of the commencement date of the Lease, The



INITIAL

Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau Of Labor Statistics. If the Index is discontinued or revised during the term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event the parties are unable to agree upon a substitute index (if the original index is discontinued without a replacement) then upon demand by either party, the matter shall be submitted to arbitration in accordance with Paragraph 22M for the purpose of determining an alternate method of computing the rent adjustment based upon the increase in the cost of living.

C. In no event shall the monthly rent adjustment based upon the CPI formula set forth in this Paragraph 25 result in an annual increase less than two percent (2%) of the monthly base year rent of \$79,332.50 (i.e. \$1,586.65 minimum per month for each year of the lease) nor greater than five percent (5%) of the monthly base year rent of \$79,332.50 (i.e. \$3,966.63 maximum per month for each year of the lease).

D. If the Lessee exercises its option to expand, the monthly base year rent of \$58,067.50 shall be changed to the new monthly base year rent for the specific square feet leased.

27. ASSIGNMENT  
BY LESSOR:

A. Lessor may assign, transfer, mortgage, hypothecate or encumber Lessor's right, title and interest in and to this Agreement or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Lessor may execute any and all instruments providing for the payment of rent directly to an assignee or transferee, but only if the conditions set forth in subparagraphs B and D below are met.

Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Lessor's right, title and interest in and to this Agreement or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section 27 shall be void.

B. Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements or Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Agreement or any portion thereof, without the prior written consent of the County.

C. Violation by Lessor of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Agreement, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire



ENCLOSURE

term of this agreement, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Agreement or applicable law.

- D. Lessor shall give County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.
- E. Lessor shall not furnish any information concerning County or the subject matter of this Agreement (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of the County Counsel) to any person or entity, except with County's prior written consent. Lessor shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Lessor in violation of this subparagraph E.
- F. The provisions of this Paragraph 26 shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section 26 Lessor is referred to, such reference shall be deemed to include Lessor's successors or assigns, and all covenants and agreements by or on behalf of Lessor herein shall bind and apply to Lessor's successors and assigns whether so expressed or not.

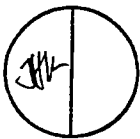
28. CONSIDERATION OF  
GAIN PROGRAM  
PARTICIPANTS:

Should Lessor require additional or replacement personnel after the effective date of this Agreement, Lessor shall give consideration for any such employment, openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program who meet Lessor's minimum qualifications for the open position. The County will refer GAIN participants by job category to the Lessor.

29. SOLICITATION OF  
CONSIDERATION:

It is improper for any County Officer, employee or agent to solicit consideration, in any form, from a Lessor with the implication, suggestion or statement that the Lessor's provision of the consideration may secure more favorable treatment for the Lessor in the award of the lease or that the Lessor's failure to provide such consideration may negatively affect the County's consideration of the Lessor's submission. A Lessor shall not offer or give, either directly or through an intermediary, consideration, in any form, to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the lease.

A Lessor shall immediately report any attempt by a County office, employee or agent to solicit such improper consideration. The report shall be made

  
INITIAL



either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the Lessor's submission being eliminated from consideration.

**30. LIMITATION OF  
AUTHORITY:**

Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Lessor understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal Board action.

No County officer, employee, agent, or independent contractor has any authority to alter, add or delete the material terms of this Lease; and Lessor may not rely upon any representations to the contrary.

This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for tenant improvements or other project costs of Lessor which are subject to reimbursement by County. **County shall not reimburse Lessor for any expenses which exceed this ceiling.**

31. **IRREVOCABLE OFFER:** In consideration for the time and expense that County will invest including but not limited to preliminary space planning, legal review, and preparation and noticing for presentation to the County Real Estate Management Commission in reliance on Lessor's covenant to lease to County under the terms of this lease offer, the Lessor irrevocably promises to keep this offer open until July 10, 2001.

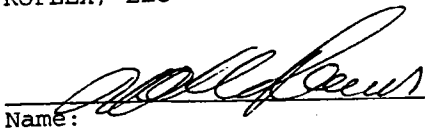


INITIAL

IN WITNESS WHEREOF, the Lessor has executed this Lease or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Lease to be executed on its behalf by the Mayor of said Board and attested by the Clerk thereof the day, month, and year first above written.

LESSOR

METROPLEX, LLC

By   
Name:

Title:

ATTEST:

VIOLET VARONA-LUKENS  
Executive Officer-Clerk  
of the Board of Supervisors

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Deputy

By \_\_\_\_\_  
Mayor, Board of Supervisors

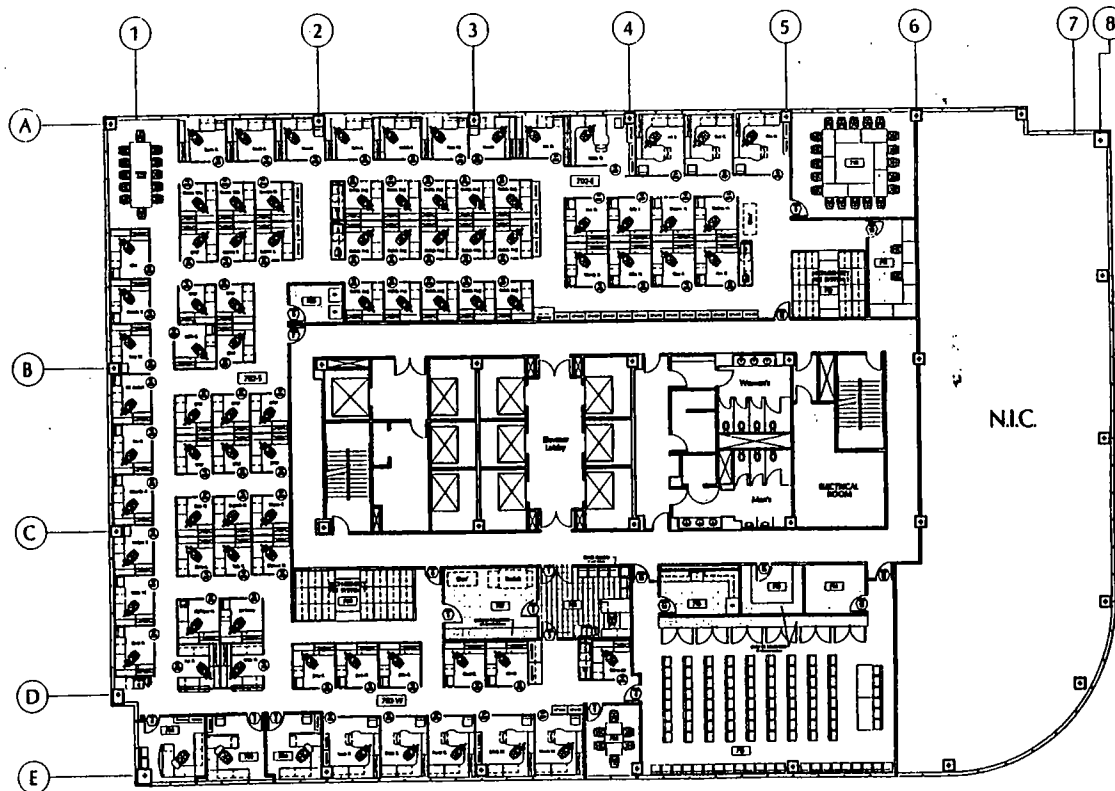
APPROVED AS TO FORM:

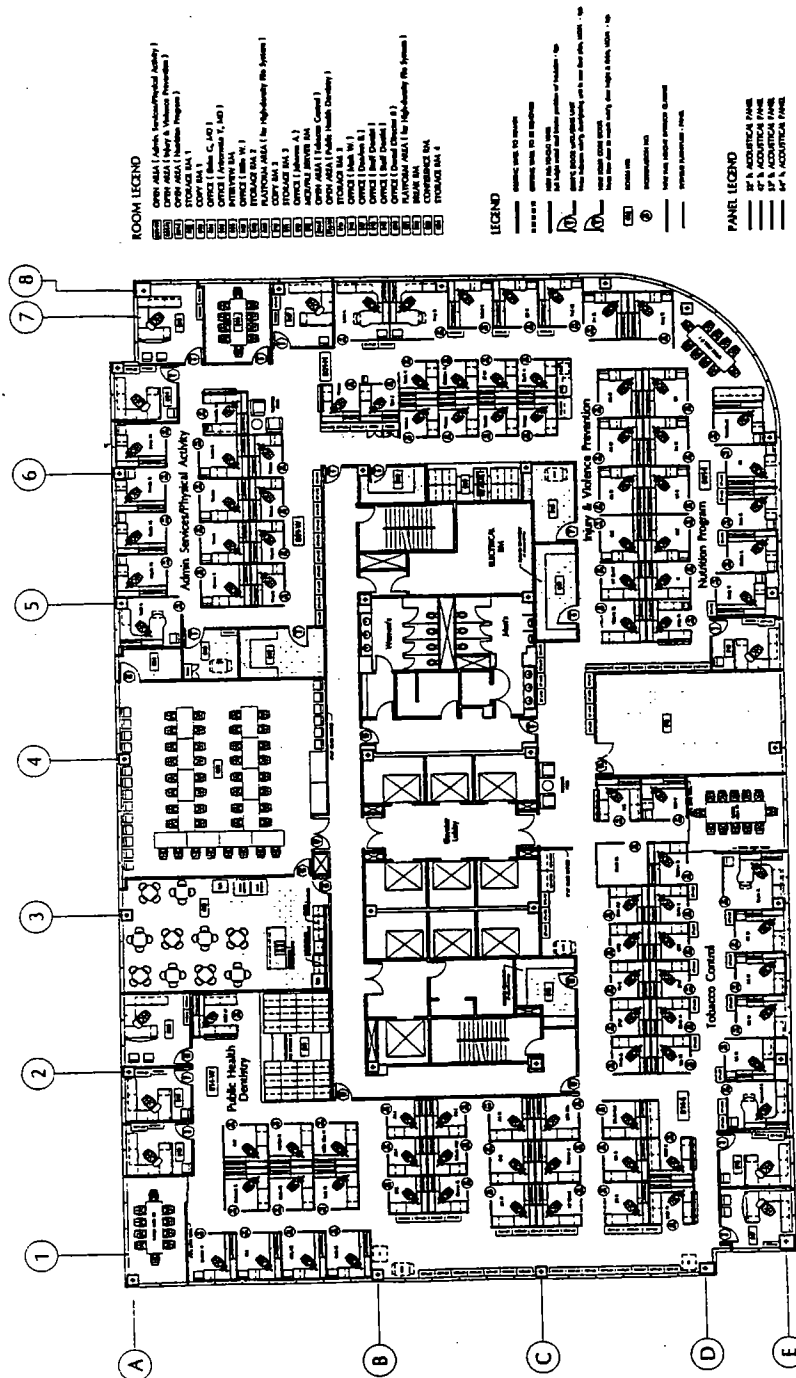
LLOYD W. PELLMAN  
County Counsel

By   
Deputy: Francis E. Scott

(Hsla3530wilshirebl.lse)  
(4/19/01)







**FURNITURE PLAN - 8th FLOOR**  
**SCALE: 1/8" = 1'-0"**

[illegible]

**PAGE 3**

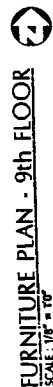
[illegible]



EXHIBIT "B"

MEMORANDUM OF COMMENCEMENT DATE

This Agreement is dated this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, for reference purposes only, by and between Lessor METROPLEX, LLC and Lessee County of Los Angeles.

1. The parties hereto have entered into a Lease dated as of \_\_\_\_\_ (the "Lease") for the leasing by Lessor to Lessee of the buildings located at 3530 Wilshire Boulevard, Los Angeles ("the Premises").

2. Lessor and Lessee hereby confirm the following:

(a) That all construction by Lessor, if any, required to be done pursuant to the terms of the Lease has been completed in all respects subject to any remaining punchlist items;

(b) That Lessee has accepted possession of the Premises and now occupies the same; and

(c) That the term of the Lease commenced \_\_\_\_\_.

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed this Agreement.

Lessor:

METROPLEX, LLC

By \_\_\_\_\_

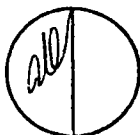
By \_\_\_\_\_

Lessee:

COUNTY OF LOS ANGELES

By \_\_\_\_\_

Chuck W. West  
Director of Real Estate

  
INITIAL



**EXHIBIT "C"**

**MEMORANDUM OF TENANT IMPROVEMENT COST**

This Agreement is dated this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, for reference purposes only, by and between Lessor, METROPLEX, LLC and Lessee, COUNTY OF LOS ANGELES.

1. The parties hereto have entered into a Lease dated as of \_\_\_\_\_ (the "Lease") for the leasing by Lessor to Lessee of the buildings located at 3530 Wilshire Boulevard, Los Angeles ("the Premises").

2. Lessor and Lessee hereby confirm the following:

(a) The final total cost of the tenant improvements is (\$\_\_\_\_\_).

This is comprised of:

Lease Budget	ORIGINAL LEASE SPACE	Actual Cost
\$ 3,173,300	Additional Tenant Improvement Allowance	\$ _____
\$ 317,330	Discretionary Tenant Improvement Allowance	\$ _____
\$ 158,665	Change Order Allowance	\$ _____
\$ 3,649,295	Total	

(b) The final total cost of the modular furniture, if applicable, (which is included in Paragraph 25) is (\$\_\_\_\_\_).

Lease Budget	OPTION TO EXPAND LEASED SPACE	Actual Cost
\$ 2,322,700	Additional Tenant Improvement Allowance	\$ _____
\$ 232,270	Discretionary Tenant Improvement Allowance	\$ _____
\$ 116,135	Change Order Allowance	\$ _____
\$ 2,671,105	Total	

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed this Agreement.

Lessor:  
METROPLEX, LLC

By \_\_\_\_\_

By \_\_\_\_\_

Lessee:  
COUNTY OF LOS ANGELES

**EXHIBIT "D"**

**CLEANING AND MAINTENANCE SCHEDULE**

This list reflects the various cleaning and maintenance requirements for the leased office space. Responsibility for this cleaning and maintenance service belongs to the Lessor.

**Daily** (Monday through Friday)

1. Carpets vacuumed.
2. Composition floors dust-mopped.
3. Desks, desk accessories and office furniture dusted. Papers and folders left on desks not to be moved.
4. Waste baskets, other trash receptacles emptied.
5. Chairs and waste baskets returned to proper position.
6. Fingerprints removed from glass doors and partitions.
7. Drinking fountains cleaned, sanitized and polished.
8. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
9. Bulb and tube replacements, as required.
10. Graffiti expunged as needed within two (2) working days after notice by Lessee.
11. Floors washed as needed.
12. Kitchen/Lunchroom supplies replenished including paper supplies and soap.

**Weekly**

1. Low-reach areas, chair rungs, baseboards and insides of door-jambes dusted.
2. Window sills, ledges and wood paneling and molding dusted.

**Monthly**

1. Floors washed and waxed in uncarpeted office area.
2. High-reach areas, door frames and tops of partitions dusted.
3. Upholstered furniture vacuumed, plastic and leather furniture wiped.
4. Picture moldings and frames dusted.
5. Wall vents and ceiling vents vacuumed.

**Quarterly**

1. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
2. Wood furniture polished.
3. Draperies or mini blinds cleaned as required, but not less frequently than Quarterly.
4. Carpet professionally spot cleaned as required to remove stains.

**Semi-Annually**

1. Windows washed as required inside and outside but not less frequently than twice annually.
2. All painted wall and door surfaces washed and stains removed.
3. All walls treated with vinyl covering washed and stains removed.

**Annually**

1. Carpets cleaned

**As Needed**

The sidewalks, driveways, parking areas and all means of access and egress for the demised Premises should be maintained in good repair, clean and safe condition at all times.

All lawns, shrubbery and foliage on the grounds of the demised Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.



INITIAL

**EXHIBIT "E"**

**COMMUNITY BUSINESS ENTERPRISE FIRM**

INSTRUCTIONS: All Lessors shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of CBE participation. The information requested below is for statistical purposes only. On final analysis and consideration, leases will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

**I. MINORITY/WOMEN PARTICIPATION IN FIRM (Partners, Associates Partners, Managers, Staff, etc.)**

FIRM: NAME

ADDRESS

CONTACT

TELEPHONE NO.

TOTAL NUMBER OF EMPLOYEES IN FIRM: \_\_\_\_\_

	OWNERS/PARTNERS ASSOCIATE PARTNERS	MANAGERS	STAFF
Black/African American	_____	_____	_____
Hispanic/Latin American	_____	_____	_____
Asian American	_____	_____	_____
Portuguese American	_____	_____	_____
American Indian/ Alaskan Native	_____	_____	_____
All Others	_____	_____	_____
Women (Should be included in counts above <u>and</u> also reported here separately)	_____	_____	_____

**II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM**

TYPE OF BUSINESS STRUCTURE: \_\_\_\_\_

(Corporation, Partnership, Sole Proprietorship, etc.)

TOTAL NUMBER OF OWNERSHIP/PARTNERS, ETC.: \_\_\_\_\_

**PERCENTAGE OF OWNERSHIP**

Black/African American	_____
Hispanic/Latin American	_____
Asian American	_____
Portuguese American	_____
American Indian/ Alaskan Native	_____
All Others	_____



INITIAL

Women (Should be  
included in counts  
above and also reported  
here separately)

III. CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

IS YOUR FIRM CURRENTLY CERTIFIED AS A MINORITY OWNED BUSINESS  
FIRM BY THE:

State of California?	Yes	No
City of Los Angeles?	Yes	No
Federal Government?	Yes	No

IV. FIRM'S DESIRE NOT TO RESPOND TO INFORMATION

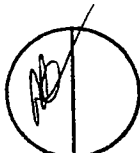
WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS  
FORM.

Firm Name:

Signed:

Date:

Title:



INITIAL

EXHIBIT "F"

RECORDING REQUESTED:  
THE COUNTY OF LOS ANGELES

WHEN RECORDED MAIL TO:

Chief Administrative Office  
Leasing and Space Management  
222 South Hill Street, 4<sup>th</sup> floor  
Los Angeles, CA 90012

This document is recorded for the benefit of the County of Los Angeles and recording is exempt from recording fees pursuant to California Government Code section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code section 11922.

MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into by and between Metroplex, LLC (the "Lessor"), and the County of Los Angeles, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Lessee") who agree as follows:

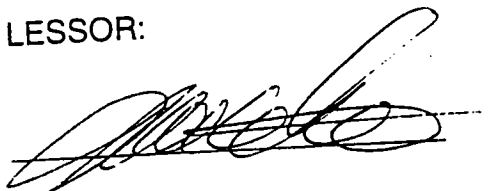
Lessor and Lessee have entered into that certain Lease and Agreement dated as of \_\_\_\_\_, 20\_\_\_\_, (the "Lease"). Pursuant to the Lease, the Lessor has leased to the Lessee real property located at 3530 Wilshire Boulevard, Los Angeles in the County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by reference, commencing on \_\_\_\_\_, 20\_\_\_\_, and ending on a date ten (10) years after the rent commencement date, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in the Lease. Lessor shall be responsible for providing full (modified) services during the term of the Lease, subject to the terms and conditions of the Lease.

(ADDITIONAL LANGUAGE REGARDING ANY PURCHASE OPTION, OPTION TO RENEW OR EXTEND, RIGHT OF REFUSAL, OR UNIQUE PROVISIONS WHICH SHOULD BE A MATTER OF RECORD, SHALL BE INSERTED IN THIS PORTION OF THE FORM)

This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.

Dated: \_\_\_\_\_, 20\_\_\_\_.

LESSOR:



METROPLEX, LLC

LESSEE:

\_\_\_\_\_  
Chuck W. West  
Director of Real Estate  
COUNTY OF LOS ANGELES

## EXHIBIT G

### WORK LETTER

This WORK LETTER ("Work Letter") pertains to the construction of tenant improvements as provided in Lease No. \_\_\_\_\_, between METROPLEX ("Lessor") and the COUNTY OF LOS ANGELES, a body politic and corporate ("Lessee"), in connection with the Premises located at 3530 WILSHIRE BOULEVARD, LOS ANGELES, CA

1. The purpose of this Work Letter is to set forth how the Tenant Improvements (as defined in Section 8 below) in the Premises are to be constructed, who will undertake the construction of the Tenant Improvements, who will pay for the construction of the Tenant Improvements, and the time schedule for completion of the construction of the Tenant Improvements. The provisions of the Lease, except where clearly inconsistent or inapplicable to this Work Letter as it relates to Tenant Improvements, are incorporated into this Work Letter.

2. Preparation of Plans; Construction Schedule and Procedures. Delivery of all plans and drawings referred to in this Section 2 shall be by messenger service or personal hand delivery, unless otherwise agreed by Lessor and Lessee. Lessor shall arrange for the construction of the Tenant Improvements in accordance with the following schedule:

(a) Selection of Architect and Engineer. Lessor shall on or before July 16, 2001, solicit at least three (3) proposals from qualified licensed architects ("Architect") and engineers ("Engineer,") familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings. The Architect and the Engineer shall be selected by Lessor subject to Lessee's consent, which consent shall not be unreasonably withheld, and which consent (or refusal to consent for reasonable reasons) shall be granted within three (3) business days after Lessor has submitted the name of the Architect and the Engineer to Lessee along with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until the Architect and the Engineer is/are finally approved by Lessee and written consent has been delivered to and received by Lessor.

(b) Base Building Plans. Lessor has provided instructions and building plans and specifications representing the "as built" premises ("Base Building Plans") to Lessee sufficient to allow Lessee to complete a Space Plan and specification (as defined in Subsection (c) below). In the event that Lessee incurs increased costs because of incomplete plans, such increased costs will be reimbursed to Lessee by Lessor, and any delay caused thereby shall be deemed to constitute a Lessor Delay.

6/20/01 Work Letter  
dated

JMK  
INITIAL

(c) Preparation and Approval of Space Plan. Within ten (10) days of the date the Lease is approved by the Board of Supervisors, Lessee shall submit to Lessor the Space Plan for the 63,466 rentable square feet to be occupied by Department of Health Services for Lessor's review and approval. (A separate Work Letter will be prepared if Lessee exercises the option to expand the Premises to include Floors 5 and 6 of the above listed address.) Lessee shall submit to the Architect and Lessor an executed Space Plan and specification for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, library, and file room ("Space Plan").

Within two (2) days after Lessor receives the Space Plan, Lessor shall either approve or disapprove the Space Plan for reasonable and material reasons (which shall be limited to the following: (i) adverse effect on the Building Structure; (ii) possible damage to the Building Systems; (iii) non-compliance with applicable codes; (iv) effect on the exterior appearance of the Building or (v) unreasonable interference with the normal and customary business operations of other tenants in the Building (each, a "Design Problem") and return the Space Plan to Lessee. In such event, Lessor shall require, and Lessee shall make the minimum changes necessary in order to correct the Design Problems and shall return the Space Plan to Lessor within five (5) days, which Lessor shall approve or disapprove within two (2) days after Lessor receives the revised Space Plan. This procedure shall be repeated until the Space Plan is finally approved by Lessor and written approval has been delivered to and received by Lessee. The Space Plan may be submitted by Lessee in one or more stages and at one or more times, and the time periods for Lessor's approval shall apply with respect to each such portion submitted.

(d) Preparation and Approval of Working Drawings. Within ten (10) days of the date the Space Plan is finally approved by Lessor, the "Plan Approval Date", or the date the Lease is approved by the Board of Supervisors, whichever date later occurs, Lessor shall commence with the preparation of Working Drawings by the Architect, the "Working Drawings", which shall be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information as may be required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined in Subsection (e) below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. Such Working Drawings must incorporate such items as have been specified by Lessor as required for use in the Building, as set forth in Schedule 2 attached to this Work Letter. The Working Drawings may be submitted in one or more stages and at one or more times.

Lessor shall provide Lessee the Working Drawings, or such portion as has from time to time been submitted, for review. Lessee shall complete the review of the Working Drawings within seven (7) days. However, Lessor shall be solely responsible to approve the Working Drawings ensuring that such drawings fully comply with all applicable building

codes and are free from errors or omissions on the part of the Architect.

(e) Preparation and Approval of Engineering Drawings. Lessor shall cause the Architect, to coordinate all engineering drawings prepared by the designated Engineer, showing complete mechanical, electrical, plumbing, and HVAC plans ("Engineering Drawings") to be integrated into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times, for Lessee's review.

(f) Integration of Working Drawings and Engineering Drawings into Final Plans. After Lessee has reviewed and Lessor has approved the Engineering Drawings, Lessor shall cause the Architect to integrate the approved Working Drawings with the approved Engineering Drawings (collectively "Final Plans") and deliver five (5) sets of the Final Plans to Lessee.

(g) Schedule. Within ten (10) days of the Plan Approval Date, Lessor shall submit a detailed construction schedule, subject to approval by Lessee which approval shall not be withheld provided the schedule conforms to the Construction Schedule attached to the Lease as Exhibit "H", outlining date specific completion of certain project benchmarks including, but not limited to, completion of Working Drawings including respective engineered drawings; submission of plans to local jurisdiction for review; issuance of building permit; submission of plans to contractors for bidding; award of construction contract; construction commencement; construction completion; projected move in date; etc. As the project continues, Lessor shall amend the schedule to reflect any changes to the projected dates.

(h) Budget. As provided in Section 9, Lessor shall prepare the Preliminary Construction Budget for Lessee's review within thirty (30) days of the Plan Approval Date in substantially the form attached as Schedule 3 (or in other form in compliance with Construction Specifications Institute (CSI), to be updated weekly until the completion of the tenant improvements and acceptance thereof by Lessee.

3. Commencement Date. The "Commencement Date" shall have the definition set forth in Paragraph 2 of the Lease.

(a) Rental Payment Effective Date. Notwithstanding the actual Commencement Date, the payment of rent may be delayed or accelerated, as the case may be, by one (1) day for each day of delay in the design of or Lessee's move-in into the Premises that is caused by any Force Majeure Delay or Lessor Delay or Lessee Delay. No Lessor Delay, Force Majeure Delay or Lessee Delay shall be deemed to have occurred unless and until the party claiming such delay has provided written notice to the other party specifying the action or inaction that such notifying party contends constitutes a Lessor Delay, Force Majeure Delay or Lessee Delay, as applicable. If such actions or inaction is not cured, or disputed in writing by the other party, within five (5) business days after receipt of such notice, then a Lessor Delay, Force Majeure Delay or Lessee Delay, as set forth in such



notice, shall be deemed to have occurred commencing as of the date such notice is received and continuing for the number of days the design of the Tenant Improvements and/or Lessee's move-in into the Premises was in fact delayed as a direct result of such action or inaction.

4. Delay

- (a) Lessee Delay. The term "Lessee Delay" as used in the Lease or this Work Letter shall mean any delay that Lessor may encounter in the performance of Lessor's obligations under this Work Letter because of any act or omission of any nature by Lessee or its agents or contractors, including any (1) delay attributable to changes in or additions to the Final Plans (as defined in Section 2(f) above or to the Tenant Improvements requested by Lessee; (2) delay attributable to the postponement of any Tenant Improvements at the request of Lessee; (3) delay by Lessee in the submission of information or the giving of authorizations or approvals within the time limits set forth in this Work Letter; and (4) delay attributable to the failure of Lessee to pay, when due, any amounts required to be paid by Lessee pursuant to the Lease or this exhibit.

In addition, since many projects may have change orders, up to ten (10) business days in total of delays caused by Lessee which result from change orders initiated by Lessee shall constitute a grace period, the "Grace Period", and shall not constitute a Lessee Delay.

- (b) Force Majeure Delay. The term "Force Majeure Delay" as used in the Lease or this Work Letter shall mean any delay incurred by Lessee in the design of its Tenant Improvements or its move-in into the Premises attributable to any: (1) actual delay or failure to perform attributable to any strike, lockout or other labor or industrial disturbance (whether or not on the part of the employee of either party hereto), civil disturbance, further order claiming jurisdiction, act of public enemy, war, riot, sabotage, blockade, embargo; (2) delay due to changes in any applicable laws (including, without limitation, the ADA), or the interpretation thereof; or (3) delay attributable to lightning, earthquake, fire, storm, hurricane, tornado, flood, washout, explosion, or any other similar industry wide or Building-wide cause beyond the reasonable control of the party from whom performance is required, or any of its contractors or other representatives. Any prevention, delay or stoppage due to any Force Majeure Delay shall excuse the performance of the party affected for a period of time equal to any such prevention, delay or stoppage (except the obligations of Lessor to timely pay contractor).

- (C) Lessor Delay. The term "Lessor Delay" as used in the Lease or this Work Letter shall mean any delay in the design of the Tenant Improvements or the

Substantial completion of the Premises which is due to any act or omission of Lessor (wrongful, negligent or otherwise), its agents or contractors (including acts or omissions while acting as agent or contractor for Lessee). The term Lessor Delay shall include, but shall not be limited to any: (1) delay in the giving of authorizations or approvals by Lessor; (2) delay attributable to the acts or failures to act, whether willful, negligent or otherwise, of Lessor, its agents or contractors; (3) delay attributable to the interference of Lessor, its agents or contractors with the design of the Tenant Improvements or the failure or refusal of any such party to permit Lessee, its agents or contractors, access to and priority use of the Building or any Building facilities or services, including hoists, freight elevators, passenger elevators, and loading docks, which access and use are required for the orderly and continuous performance of the work necessary for Lessee to complete its move-in into the Premises; (4) Lessor's failure to complete all telecommunication rooms (including painting, floor covering, lighting, conduit access, permanent power and HVAC systems, if such work is required pursuant to the Lease), serving the Premises at least thirty (30) days prior to the Commencement Date; (5) delay attributable to Lessor giving Lessee incorrect or incomplete Building Requirements or Base Building Plans, or revisions made to such Building Requirements or Base Building Plans subsequent to the delivery of such items to Lessee (collectively, "Incomplete Plans") in either case, in addition to such delay being deemed a Lessor Delay, Lessor shall increase the Tenant Improvement Allowance by an amount sufficient to reimburse Lessee for the increased costs incurred by Lessee as a result thereof; (6) failure of Lessor to deliver the Base Building Plans and/or the Building Requirements to Lessee at least sixty (60) days prior to the execution of the Lease; (7) delay attributable to Lessor's failure to allow Lessee sufficient access to the Building and/or the Premises during the Construction Period to move into the Premises over one (1) weekend prior to the commencement of rent; (8) delay by Lessor in administering and paying when due the Tenant Improvement Allowance (in which case, in addition to such delay being deemed a Lessor Delay, Lessee shall have the right to stop the construction of the Tenant Improvements) and; (9) delay caused by the failure of the Base Building to comply with the ADA or any other improvements required to be performed by Lessor in order for the Premises to comply with the provisions detailed in Schedule 1 attached hereto (in which case, in addition to such delay being deemed a Lessor Delay, the required work shall not be considered as part of the Tenant Improvement Allowance and all required work shall be completed at Lessor's sole cost and expense).

Furthermore, if during the course of construction, building defects are discovered that would otherwise not have been discovered by a reasonably diligent inspection of the Premises at the time construction commenced, and

a change to the construction contract is generated as a result thereof, any delay in the completion of the project as a result thereof shall not be considered a Lessor delay, however, the ensuing delay shall not be credited towards the Grace Period provided to Lessee.

5. Substantially Complete. The term "Substantially Complete" or "Substantial Completion" as used in this Work Letter shall mean compliance with all of the following: (1) the shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the Building Systems are operational to the extent necessary to service the Premises; (2) Lessor has sufficiently completed all the work required to be performed by Lessor in accordance with this Work Letter including the installation of modular furniture systems, if so required by the Lease, (except minor punch list items which Lessor shall thereafter promptly complete) such that Lessee can conduct normal business operations from the Premises; (3) Lessor has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent (except to the extent delayed by any Lessee Delay); (4) Lessee has been provided with the number of parking privileges and spaces to which it is entitled under the Lease; (5) Lessee has been delivered, at least 30 days prior to the Commencement Date, complete and uninterrupted access to the Premises (and other required portions of the Building and the Site including the completion of all telecommunications rooms power and HVAC that serve the telecommunications room) sufficient to allow Lessee to install its freestanding work stations, (unless such installation is part of the modular workstations to be installed by Lessor pursuant to the Lease) fixtures, furniture, equipment, and telecommunication and computer cabling systems (unless installation of telecommunication cabling is Lessor's responsibility pursuant to the Lease) and to move into the Premises over one (1) weekend and, (6) In the event lessor is responsible for the installation of telecommunication systems, then such systems shall be completely operational.

In the event that the use of the freight elevators and/or hoists is not sufficient to meet Lessee's requirements, Lessor shall cause to be made operational (a) temporary construction elevator and hoist, or (b) Lessee shall have priority usage of two (2) passenger elevators in the elevator bank that services the Premises in order to assist Lessee in the installation of Lessee's fixtures, furniture and equipment. In no event shall Lessee's remedies or entitlements for the occurrence of a Lessor Delay be abated, deferred, diminished or rendered inoperative because of a prior, concurrent, or subsequent delay resulting from any action or inaction of Lessee.

6. Representatives. Lessee has designated Tom Shepos as its sole representative with respect to the matters set forth in the Work Letter, who until further notice to Lessor, shall have the full authority and responsibility to act on behalf of Lessee as

required in this Work Letter. Lessor has designated Joon Song, whose mailing address for purposes of any notices to be given regarding matters pertaining to this Work Letter only is 3530 Wilshire Boulevard, Suite 260, Los Angeles, CA 90010, as its sole representative with respect to the matters set forth in the Work Letter, who until further notice to Lessee, shall have the full authority and responsibility to act on behalf of Lessor as required in this Work Letter during the period of construction of the Tenant Improvements.

7. Contractor and Review of Plans.

(a) Selection of Contractor. Lessor's contractor shall be the contractor selected pursuant to a procedure whereby the Final Plans and a construction contract approved by Lessee are submitted to contractors, selected by Lessor and approved by Lessee, sufficient in number so that a minimum of three (3) bids are received and who are requested to each submit a sealed fixed price contract bid price (on such contract form as Lessor shall designate) to construct the Tenant Improvements designated on the Final Plans, to Lessor and Lessee, who shall jointly open and review the bids. Lessor and Lessee, after adjustments for the inconsistent assumptions to reflect an "apples to apples" comparison, shall select the most qualified bidder offering the lowest price and such contractor ("Contractor") shall enter into a construction contract with Lessor consistent with the terms of the bid to construct the Tenant Improvements ("Construction Contract"). The Construction Contract shall not, unless Lessee otherwise directs, require the Contractor to post a completion bond or contain any provision penalizing the Contractor for not completing the Tenant Improvements within a specific period of time.

(b) Actual Review Costs. Lessor shall review the Space Plan, Working Drawings, Engineering Drawings and Final Plans at its sole cost and expense. Furthermore, Lessee shall not pay to Lessor any fee for profit, overhead or general conditions in connection with the construction of the Tenant Improvements unless Lessor, as part of its original offer to Lease, has revealed the fees attributable to project management.

(c) Meetings: Upon selection of Contractor, Lessor shall immediately identify a time and date for the purposes of holding weekly construction meetings that is mutually acceptable to all parties. During the course of construction, meeting shall be held at least once per week, unless Lessee directs otherwise. A kickoff construction meeting shall be held within five (5) days of the date the contractor is selected.

8. Tenant Improvements. The term "Tenant Improvements" shall mean all improvements shown in the Final Plans as integrated by the Architect, and, to the extent specified in the Final Plans, all signage, modular workstations, built-ins, related cabinets and reception desks, to the extent specified in the millwork or comparable contracts, and all carpets and floor coverings, but, except as provided above, Tenant Improvements shall not include any personal property of Lessee.

9. Tenant Improvement Allowance.

Amounts.

Base Building Compliance: Lessors sole cost and expense

Any work, including construction, that Lessor must undertake to (1) obtain the necessary jurisdictional approvals for a Certificate of Occupancy including amounts required to be expended to cause the Premises to comply with the access requirements of the ADA, and; (2) make existing building systems pursuant to Schedule 1, attached hereto, including but not limited to electrical service and HVAC equipment fully operational for the proposed office occupancy, shall be at Lessor's sole cost and expense. Furthermore, the Tenant Improvement Allowance shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease including all expenses associated with curing any such "Sick Building Syndromes", (ii) fire sprinkler system installation or upgrade, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere.

Vanilla Shell Tenant Improvement Allowance:	\$Included in rent
Additional Tenant Improvement Allowance:	\$3,173,300
CAO Discretionary Allowance:	\$ 317,330
Change Orders:	\$ <u>158,665</u>
Total Allowances:	\$3,649,295

Not more than thirty (30) days from the date of Lessor's receipt of Lessee's Space Plan, Lessor shall submit to Lessee a detailed budget, the "Preliminary Construction Budget", in a format similar to Schedule 3 attached hereto. Said budget shall be revised within ten (10) days of the date the contractor is selected, the "Final Construction Budget". Lessee shall have five (5) days from the date of Lessee's receipt of said budget to approve or disapprove the Final Construction Budget. Construction shall not begin until such time as Lessee indicates its approval or disapproval of the Final Construction Budget or the five (5) day period expires without any response from the Lessee. In the event Lessee disapproves the Final Construction Budget due to matters related to cost, provided the Final Construction Budget is ten (10) percent or more higher in cost than the Preliminary Construction Budget, then any delay caused by the necessity to rebid the tenant improvements or redesign the Premises shall not be considered a Lessee Delay.

10. Life-Fire Safety Codes/Disabled Access Codes/Earthquake Safety Codes. In the event that, because the Premises and/or the Building as initially constructed do not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, Lessee incurs increased design or construction costs that it would not have incurred had the Premises and/or the Building

already been in compliance with the applicable life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, applicable to new construction, then such costs shall be reimbursed by Lessor to Lessee within ten (10) days after receipt by Lessor from Lessee of an invoice document evidencing such increased costs or such costs shall not included in the calculation of tenant improvements attributable to Lessee's allowances and Lessee' shall have no financial responsibility for such costs. Any delay in the design or construction of the Tenant Improvements or Tenant's move-in into the Premises because of the non-compliance of the Building and/or Premises with the applicable life-fire safety codes and disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes shall constitute a Landlord Delay.

11. Lessor to Construct Base Building. Lessor hereby agrees that the Base Building shall include the items set forth in the "Base Building Description" attached hereto as Schedule 1 and shall otherwise be in accordance with the Base Building Plans, and the cost to bring the Building into compliance thereof shall not be included in the Tenant Improvement Allowance. Lessor may make further revisions to such Base Building Plans as long as the Building, when constructed, will be comparable in appearance, design, efficiency, and quality as the building initially described in the Base Building Plans.

## SCHEDULE 1 BASE BUILDING DESCRIPTION

At no cost to Lessee, Lessor either has, or shall, supply, furnish, install and finish the following items in full compliance with all applicable laws (including, without limitation, the ADA), regulations and building codes, all at Lessor's sole cost and expense, which shall not be included in the Tenant Improvement Allowance, and which shall comprise, and are hereby defined as, the "Base Building":

### **A. SHELL AND CORE:**

(a) Lessor shall build the Building and the Base Building Shell and Core pursuant to this Schedule 1, which obligation shall be deemed satisfied when the Building and the Base Building have been substantially completed, substantially in accordance with the requirements of this Schedule 1 as supplemented and increased (but not decreased) by the Base Building Plans and Building Requirements (as defined in Sections 2(b) and 9 (Base Building Compliance), respectively, of the attached Work Letter), the most current copies of which have been provided by Lessor. It shall be understood that Lessor may make modifications to the Base Building Plans and Building Requirements, some of which may affect the Premises, as long as such modifications do not affect the quality of the construction or the materials or equipment used, or substantially and adversely affect the operation of the Building's basic services in such a manner as would interfere with Lessee's quiet and peaceful use, possession and enjoyment of the Building or increase Lessee's future financial responsibility to reimburse, if any.

### **SHELL AND CORE**

With respect to each building(s), the shell and core includes:

1. The sum of the building's substructure (excavation and recompaction, foundations and basement construction); and,
2. Landscaping (including irrigation system and exterior lighting); and,
3. The vertical structure (wood framing, structural steel, fireproofing and or other structural elements); and,
4. Horizontal structure (including reinforced concrete slab on grade, suspended floors of structural steel framing with metal or reinforced concrete decking and concrete topping); Floors.  
(a) Smooth and level concrete floors with troweled finish which shall be level at least to the tolerance of (i) one-quarter inch (1/4") per ten (10) feet on a non-cumulative basis and (ii) three-

eighths inch (3/8") on an overall basis. (b) Design to support a minimum live load of 120 lbs per square foot and an additional partition load of 20 lbs per square foot for a total of 140 lbs per square foot. (c) Smooth, level and ready to receive carpeting, tile, marble or wood flooring without additional floor preparation. and,

5. Roofs with a 20-year bondable life (including structural steel framing with metal decking and concrete topping, and fireproofing at steel structure or other framing); and,
6. Exterior cladding of a weather tight material with a maintenance free life expectancy of at least twenty (20) years (including exterior wall finish, metal framing, insulation, exterior glazing, including reflective glass windows in compliance with ASHERA standards, doors and painted gypsum board to interior face of exterior walls); and,
7. Roofing and waterproofing (including roof insulation, roofing, sheet metal flashings, roof access and ventilation, caulking and sealants); and,
8. Premises ready for construction with all existing improvements demolished, and,
9. Dropped ceilings on the existing (but re-painted) 2' X 2' grid system with new building standard 2' X 2' acoustical tiles, prismatic lighting, consisting of 2' X 4' lay-in light fixtures and a general lighting level of 50 foot candles at desktop height; and,
10. Lighting, Installed and operating in main lobby, all stairwells, elevators, lobbies, mechanical rooms, utility rooms, other lighting as required by code. Exterior lighting installed as required by design.
11. Interior partitions at elevator and lobby areas (including metal stud framing, durable finished walls, interior and fire doors); Core walls (except all levels below-grade), service core walls, perimeter walls, elevator lobby walls, and columns (exterior columns extended slab-to-slab) all installed, clad with properly



12. rated Sheetrock, taped, sanded, patched, filled, dusted and ready to receive paint or other Tenant finish and,
13. All Signage required by local codes, including but not limited to building identification, restroom designation and exit identification.
14. Durable interior finishes for elevator and main lobbies (including floor, wall and ceiling finishes with long life durable products); and,
15. Functional equipment at core areas vertical transportation (including stairs, elevators with cabs and durable interior finishes, and access ladders) including passenger elevators servicing Tenant's floor installed and operational as designed to operate at 800 FPM. All freight elevators installed and operational as designed including freight vestibules installed as designed per code; and
16. Loading dock facilities installed as designed; and,
17. Plumbing Water and drainage on each floor (including concealed pipe work, rain water drainage, fire sprinkler systems, landscaping irrigation, Restrooms including, Men's and women's washrooms on each floor in compliance with the Base Building Plans, all applicable laws (including, without limitation, the ADA) and codes and finished with: (i) Ceramic tile or better on floors (but not in the vestibule) and wet walls at least up to the height of the wainscot; (ii) other walls and ceilings finished; (ii) Vanities with corian counters, cubicles, accessories, fixtures, trim lighting and all mechanical and plumbing services completed; and (iii) Other lighting sufficient for first class washrooms. (iv) One drinking fountain per floor, installed in compliance with all applicable laws (including, without limitation, the ADA) and codes.
18. Heating, ventilating, and air conditioning from a central plant or package units as the case may be, (including mechanical equipment and duct work distribution to all areas ) sufficient to accommodate the proposed occupancy; (a) Access at core to an installed general exhaust system for toilets only. (b) Access on applicable floor to general exhaust system available to serve kitchens and pantries, and computer, reproduction, and conference rooms, and other office equipment normally and

customarily requiring special exhaust. and,

19. Core Doors. Building Standard core doors for stairwells, electrical, mechanical, janitorial and telephone rooms and washrooms all installed, primed, sanded, dusted, and ready to receive paint or other Lessee finish. Doors finished and complete with frame, trim, hardware, locking devices, electric door releases and/or magnetic hold-open devices where applicable and closers.
20. Electrical backbone system sufficient to distribute power to the mechanical systems, building systems and at least 4.5 watts of electrical power per rentable square foot; and
21. Electrical and telecommunications service of sufficient capacity to the building including
22.
  - A. All vertical power distribution for the entire building to include:
    - ▶ All 480/277 volts panels for lighting.
    - ▶ All 208/120 volts panels to support Los Angeles County's (LAC) computer loads.
    - ▶ Power to all HVAC and elevator loads.
  - B. Code required Stand-by Emergency Power System.
  - C. Code required Fire Pump System.
  - D. HVAC System energy management and controls.
  - E. All general lighting and controls.
  - F. Provide Stacked Telecommunications room (IDF) in each floor for Data Equipment Racks with interconnecting conduit sleeves with sufficient cable capacity to each other.
  - G. Interconnected to the building main grounding bus; and,
23. Life safety systems (including wet fire sprinkler system to all building areas and parking garages, and fire alarm system). Lessor shall install, or has installed, life safety improvements including life safety panel(s) and controls (the cost of which will be paid by Lessor and not included in the Tenant Improvement Allowance) to the extent required by shell and core construction for a temporary certificate of occupancy for the Building, or, if greater, to the extent already constructed in the Premises and Building as of \_\_\_\_\_. A sprinkler system installed in compliance with code for floors, including main loop connected to core and drops in place with heads

installed per code for an unimproved (non-occupied) floor. Fire hose and extinguisher cabinets finished and installed at each stairwell or as required by code for shell and core construction. Exit signs at all stairwells. Smoke detectors on both sides of all doors in all elevator lobbies and all other areas as required by code. Fire extinguishers as required by code for shell and core construction. Fire horns and exit signs as required by code for shell and core construction. Electric door releases and magnetic hold-open devices, as applicable installed for all fire doors. Speakers, cameras and such other life safety equipment as required by code to obtain a final building inspection and/or permanent certificate of occupancy for the Premises. and,

24. Exterior fencing and gating.

#### **B. GENERAL:**

1. To "all areas" above means to accommodate total coverage throughout the building for the use specified. It does not include special HVAC provisions necessitated by Tenant Improvement floor to ceiling partitions.
2. The fire alarm, intrusion alarm, checkpoint entry and CCTV systems must be capable of interfacing with an integrated software control package supplied and programmed by the County.
3. To the extent there are improvements to the Base Building in excess of the foregoing, such improvements will remain as part of the Base Building work at no cost to Tenant, and shall be in accordance with the Base Building Plans.
4. The cost of installing all demising walls (including the corridor wall separating the Premises from the corridor), fire dampers and transfer boots shall be borne by Lessor.

#### **C. TENANT IMPROVEMENTS**

Tenant improvements are expected to include:

1. Electrical conduit and wire infrastructure from the 480/277 volts and the 208/120 volts panels for all convenience and special outlets in the modular furniture and hard offices.

2. All conduit and outlet boxes required for the LAC's Low voltage and Telecommunication/Data systems wiring.
3. All line voltage wiring to LAC furnished equipment in the MCR and the IDF rooms in each floor as required by LAC.
4. HVAC modifications only as required to accommodate floor to ceiling partitions and a dedicated HVAC unit providing 24 hour air to the MCR.
5. Built-in partitions and rooms.
6. Floor coverings less a Building Standard credit of \$1.17 per rentable square foot.
7. Millwork.
8. Paint & wall coverings, less the Building Standard painting allowance.
9. Signage not required by Code.
10. Interior doors and associated hardware including any card readers.
11. Intrusion detection and alarm system at all entry levels; and,
12. Check point entry system including power supply at parking entrance, all stairwells on each floor, all elevators, and at least two external entrances; and
13. Public address system throughout the building with a minimum of five zones; and,
14. CCTV coverage in all public areas including parking structure; and,
15. Any lighting upgrades from prismatic to parabolic fixtures, the difference in cost per fixture, excluding installation and wiring which are Lessor shell and core cost.

The County, as Lessee, unless otherwise specified to be Lessor's responsibility, will supply the following:

- All telecommunication and data design, wiring, equipment and installation.
- Panic Alarm System design, wiring, equipment and installation.
- CCTV cameras only (Installation by Lessor).
- Checkpoint entry programming, card readers and final hookup at system end (Installation by Lessor).
- All computer and computer related equipment and installation.
- All mail room furnishings and equipment.
- Security equipment and installation except as noted above.
- All electronic units providing: (Please specify, if any required)

SCHEDULE 2  
BUILDING STANDARD TENANT IMPROVEMENT ITEMS  
**[\*To Be Provided By Landlord\*]**

All items listed below, except those items which are preceded by an asterisk (\*), may be substituted for items of equal or higher quality at Tenant's election, and Tenant shall receive a credit toward the costs of such substituted items equal to the costs that would have been incurred for the items listed below.

**EXHIBIT "H"**  
**CONSTRUCTION SCHEDULE**

